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Items 57 and 59 of the preliminary list*

Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

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Report of the Secretary-General

Summary

The present report was mandated by the General Assembly in its resolution 64/99 and contains a list of specialized agencies and international institutions associated with the United Nations to which the provisions of the resolution apply and whose attention the Secretary-General drew to the resolution.

* A/65/50.

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1. At its sixty-fourth session, the General Assembly adopted resolution 64/99 concerning the implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations. In paragraph 20 of that resolution, the Assembly requested the Secretary-General to continue to assist the specialized agencies and other organizations of the United Nations system in working out appropriate measures for implementing the relevant resolutions of the United Nations and to prepare for submission to the relevant bodies, with the assistance of those agencies and organizations, a report on the action taken in implementation of the relevant resolutions, including resolution 64/99, since the circulation of his previous report (A/64/62).

2. In a letter dated 9 February 2010, the Secretary-General brought the resolution to the attention of the executive heads of the following specialized agencies and other international organizations and invited them to submit the information requested for inclusion in the report referred to in paragraph 1 above:

International Labour Organization

Food and Agriculture Organization of the United Nations

United Nations Educational, Scientific and Cultural Organization

International Civil Aviation Organization

World Health Organization

World Bank

International Monetary Fund

Universal Postal Union

International Telecommunication Union

World Meteorological Organization

International Maritime Organization

World Intellectual Property Organization

International Fund for Agricultural Development

United Nations Industrial Development Organization

Office of the United Nations High Commissioner for Human Rights/Centre for Human Rights

United Nations Office on Drugs and Crime

Economic Commission for Latin America and the Caribbean

Economic and Social Commission for Asia and the Pacific

United Nations Conference on Trade and Development

United Nations Development Programme

United Nations Environment Programme

Office of the United Nations High Commissioner for Refugees

United Nations Children's Fund

World Food Programme

World Tourism Organization

World Trade Organization

African Union

Caribbean Community

Caribbean Development Bank

Community of Sahel-Saharan States

Organization of American States

Organization of Eastern Caribbean States

Pacific Islands Forum

3. Summaries of the replies received from the international organizations concerned in response to the above-mentioned letter will be presented in document E/2010/47.

4. Summaries of additional replies received, together with such further information as may become available on relevant activities undertaken by the organizations concerned during the year, will be published in addenda to the report mentioned in paragraph 3.

5. In addition, the Secretary-General drew the attention of various departments and other units of the Secretariat to the resolution. Information received in that regard will also be included in the above-mentioned report.

United Nations A/65/62

General Assembly

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25 February 2010

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Sixty-fifth session
Items 63 (a) and 138 of the preliminary list*

New Partnership for Africa's Development: progress in implementation and international support

Joint Inspection Unit

Towards a more coherent United Nations system support to Africa

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Joint Inspection Unit entitled "Towards a more coherent United Nations system support to Africa" (JIU/REP/2009/5).

* A/65/50.

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TOWARDS MORE COHERENT UNITED NATIONS SYSTEM SUPPORT TO AFRICA

Prepared by

Papa Louis Fall
Mohamed Mounir Zahran

Joint Inspection Unit

Geneva 2009

GE.09-01942

EXECUTIVE SUMMARY

Towards more coherent United Nations system support to Africa
JIU/REP/2009/5

Objective:

To evaluate the effectiveness and efficiency of the existing system-wide cooperation framework, drawing on and sharing lessons learned, as well as identifying best coordination practices and methods of collaboration with regard to the United Nations system support to Africa. Given the multitude of organizations involved in this respect and the plethora of relevant mandates and programmes, increased coherence is crucial for eliminating overlaps and duplication of work, thus ensuring the efficient use of available resources.

Main findings and conclusions

Based on the various reviews conducted on different aspects of the issue, this evaluation contains 17 recommendations - 14 addressed to the executive heads of the United Nations system organizations and 3 for consideration by their governing bodies - aimed at enhancing coordination, cooperation and coherence of the United Nations system support to Africa at the global, regional, subregional and country levels.

Given that the proliferation of related mandates and programmes generates structural overlaps and dispersion of effort and resources, the mandates regarding the United Nations system support to Africa should be reviewed (see Recommendation 1).

There is a need, within the existing institutional frameworks, for better communication and information sharing among the various organizations, entities, departments and offices having a major stake in support of Africa. There is also a need to facilitate system-wide coordination and cooperation in this respect, including between the Chief Executives Board for Coordination (CEB), the MDG Africa Steering and Working Groups, the Regional Coordination Mechanism (RCM) of United Nations agencies and organizations working in Africa in support of the African Union and its NEPAD (New Partnership for Africa's Development) Programme, the Economic Commission for Africa (ECA), and the Office of the Special Adviser on Africa (OSAA) (see Recommendation 2). In this context, the CEB should play a more proactive role by including in its agenda support to the African Union (AU) and its NEPAD programme as a regular standing item.

The RCM and its cluster system is, in this regard, the principal mechanism for enhancing system-wide coherence at the regional and subregional levels. It is facing constraints and challenges, among other things, with respect to commitment and leadership; coordination; accountability; monitoring and evaluation; resource mobilization and capacity-building; communication, outreach and advocacy; and alignment with African Union and NEPAD priorities, including regional integration. Given the proactive strategic coordinator role expected from ECA with regard to the RCM, ECA capacities should be strengthened (see Recommendation 4). The RCM should be strengthened through:

- The establishment of a high-level steering committee, adequately representing all stakeholders, for overseeing the activities of the RCM and its clusters, providing guidance and following up on decisions and recommendations relating to the RCM (see Recommendation 3);

- Better aligning the RCM and its clusters with the needs and priorities of the African Union and its NEPAD programme (see Recommendation 5), increased alignment of the planning, programming and budget cycles of the programmes of the United Nations system organizations in support of the AU and its NEPAD programme (see Recommendation 6), and the assignment of focal points in the participating organizations of the RCM for improving interaction, communication and information sharing (see Recommendation 7);

- Fully implementing and operationalizing the "Umbrella Agreement" between the regional commissions and the United Nations Development Programme (UNDP) in order to facilitate and enhance communication, coordination and cooperation between ECA and the RCM on one side and UNDP and the Regional Directors Teams (RDTs) in Africa on the other (see Recommendation 8);

- Participation of all United Nations system organizations in the RCM in order to further leverage the technical expertise of the mechanism and to create further synergies within the United Nations system in support of the AU and its NEPAD programme (see Recommendation 9);

- Enhancing coherence at the subregional level by leveraging the capacities of ECA and its five subregional offices in Africa; establishing a system-wide subregional coordination mechanism; and ensuring that the Regional Economic Communities (RECs) in Africa are closely involved in the work of the RCM (see Recommendation 10) and that all United Nations system organizations are, as appropriate, accredited to the RECs (see Recommendation 11).

As the main beneficiary parties, the African recipient Governments should be more closely and consistently involved in the development, implementation and monitoring of the United Nations Development Assistance Frameworks (UNDAFs) in order to promote national ownership and leadership, as well as to take on board the specific needs and priorities of the beneficiary countries (see Recommendation 12).

The capacities and resources of the two Regional Directors Teams (RDTs) in Africa should be strengthened including, as appropriate, through redeployment of resources, to ensure their effective functioning in the context of the extensive ongoing reform processes aimed at enhancing system-wide coherence and coordination at the country level (see Recommendation 13).

The United Nations system organizations should better align the planning, programming and budget cycles of their country programmes in Africa under the respective UNDAFs in order to facilitate joint programming, the establishment of joint monitoring and evaluation frameworks, and simplified reporting arrangements at the country level (see Recommendation 14). They should also better align the planning, programming and budget cycles of their country programmes with those of their regional and subregional programmes for increased coordination and coherence (see Recommendation 15). Since the lack of a common results-based management (RBM) approach across the United Nations system is impacting negatively on its use at the country level, there is a need to strengthen RBM at country level so as to achieve a system-wide harmonized RBM approach for the implementation of the UNDAFs in Africa (see Recommendation 16).

The Secretary-General should initiate through the CEB a comprehensive review on resource mobilization, funding mechanisms and modalities within the United Nations system for ensuring the financial sustainability of the United Nations system support to Africa within the RCM and UNDAFs (see Recommendation 17).

Recommendations for consideration by legislative organs

- **Recommendation 1**

  The General Assembly and the legislative bodies of the corresponding United Nations system organizations should invite the Secretary-General and the executive heads of the other United Nations system organizations to undertake a review of their respective mandates pertaining to United Nations system support to Africa, in order to assess the status of implementation, to evaluate resource, monitoring and reporting requirements for implementation and to better clarify the division of labour and responsibilities within the United Nations system and between the different organs, offices and departments of every United Nations system organization.

- **Recommendation 4**

  The General Assembly should reiterate its support for strengthening the capacities of the Economic Commission for Africa (ECA) and invite the Secretary-General to take further measures by allocating adequate resources to ECA including, as appropriate, through redeployment of resources, to enable it to effectively fulfil its strategic coordinating role with regard to the RCM in support of the AU and its NEPAD programme.

- **Recommendation 16**

  The General Assembly and the legislative bodies of the corresponding United Nations system organizations should reaffirm their commitment to results-based management (RBM) and request the executive heads of the United Nations system organizations to harmonize their RBM practices for achieving a common RBM approach at country level with regard to the implementation of the UNDAFs in Africa.

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ABBREVIATIONS

AAA	Accra Agenda for Action
AfDB	African Development Bank
APRM	African Peer Review Mechanism
AU	African Union
CCA	Common Country Assessments
CEB	United Nations Chief Executives Board for Coordination
COMESA	Common Market of Eastern and Southern Africa
CPC	Committee for Programme and Coordination
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECOWAS	Economic Community of West African States
DBSA	Development Bank of Southern Africa
DOCO	United Nations Development Operations Coordination Office
FAO	Food and Agriculture Organization of the United Nations
HLCM	High Level Committee on Management
HLCP	High Level Committee on Programmes
HSGIC	Heads of State and Government Implementation Committee
IGAD	Intergovernmental Authority on Development
ILO	International Labour Organization
IMF	International Monetary Fund
IsDB	Islamic Development Bank
JIU	Joint Inspection Unit
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
NEPAD	New Partnership for Africa's Development
NRID	NEPAD and Regional Integration Division
OECD	Organisation for Economic Co-operation and Development
OHRLLS	Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
OIOS	Office of Internal Oversight Services
OSAA	Office of the Special Advisor on Africa
RBM	results-based management
RCM	Regional Coordination Mechanism
RDTs	Regional Directors Teams
RECs	Regional Economic Communities
SADC	Southern African Development Community
UNCTs	United Nations country teamsUNDAFs United Nations Development Assistance Frameworks
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNODC	United Nations Office on Drugs and Crime
UNWTO	World Tourism Organization
WHO	World Health Organization

I. INTRODUCTION

A. Objective and focus

1. As part of its programme of work for 2008, the Joint Inspection Unit (JIU) conducted, at the suggestion of the United Nations Industrial Development Organization (UNIDO), an evaluation entitled "Towards more coherent United Nations system support to Africa."

2. The evaluation is aimed at assessing the effectiveness and efficiency of the existing system-wide cooperation framework, drawing on and sharing lessons learned as well as identifying best coordination practices and methods of collaboration with regard to the United Nations system support to Africa, based on the various reviews undertaken so far on different aspects of the issue by the Secretary-General, the United Nations System Chief Executives Board for Coordination (CEB), the JIU, the Office of Internal Oversight Services (OIOS), the Office of the Special Adviser on Africa (OSAA), the Economic Commission for Africa (ECA) and other members of the United Nations system. This evaluation focuses on development issues, in particular those outlined in Goal 8 of the Millennium Development Goals (MDGs) – "Develop a global partnership for development".

3. The evaluation assesses how coherently the beneficiary Governments, the United Nations system organizations and the donor community are working together at the global, regional, subregional and country levels through existing coordination mechanisms. In doing so, the evaluation examines, inter alia, the functioning, effectiveness and efficiency of the existing system-wide coordination mechanisms, in particular the Regional Coordination Mechanisms (RCM)[1] of United Nations agencies and organizations working in Africa in support of the African Union (AU) and its NEPAD (New Partnership for Africa's Development) Programme, and issues pertaining to the Resident Coordinator system. The evaluation also serves as an update of the JIU review entitled "Further measures to strengthen United Nations system support to the New Partnership for Africa's Development (NEPAD)".[2]

4. In accordance with the internal standards and guidelines of the JIU and its internal working procedures, the methodology followed in preparing this report included a preliminary review, questionnaires to participating organizations, interviews and in-depth analysis. On the basis of the responses received to the questionnaires, the Inspectors conducted interviews with officials of selected participating organizations and also sought the views of representatives of the CEB secretariat, the United Nations Development Group (UNDG) Office, the African Union Commission, the NEPAD secretariat, the Common Market for Eastern and Southern Africa (COMESA) secretariat and the Economic Community of West African States (ECOWAS) Commission. Discussions were also held with members of the United Nations country teams (UNCTs) in South Africa, Zambia and Nigeria. The views and input of the officials met have been taken into consideration in finalizing the recommendations in this report, and comments on the draft report from the participating organizations and the officials and representatives interviewed were sought and taken into account in finalizing the report.

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[1] Different terms have been used for this mechanism: Regional Consultations Meetings, Regional Consultations Mechanism, and Regional Coordination Meetings. The Executive Secretaries of the regional economic commissions decided at their meeting in Addis Ababa in June 2008 thenceforth to consistently use the name, Regional Coordination Mechanism (RCM).

[2] JIU/REP/2005/8.

5. In accordance with article 11.2 of the JIU statute, this report has been finalized after consultation among the Inspectors so as to test its conclusions and recommendations against the collective wisdom of the Unit.

6. To facilitate the handling of the report and the implementation of its recommendations and the monitoring thereof, annex VI contains a table indicating whether the report is submitted to the organizations concerned for action or for information. The table identifies those recommendations relevant for each organization, specifying whether they require a decision by the legislative or governing body of the organization, or can be acted upon by its executive head.

7. The Inspectors wish to express their appreciation to all who assisted them in the preparation of this report, and particularly to those who participated in the interviews and so willingly shared their knowledge and expertise.

B. Background

8. Africa has been for a long time a focus of United Nations system technical cooperation and development activities. Following the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) launched in 1986 - as the first ever United Nations programme for a specific region in the world - and the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF), NEPAD has become, since its adoption in 2001 by the AU, the principal strategic framework within which the United Nations system is concentrating its efforts for Africa's development.[3] According to General Assembly resolution 63/1, NEPAD is an overarching framework for socio-economic sustainable development in Africa, as well as for the implementation of national and subregional development plans and strategies.[4] It is complemented by the Ten-year Capacity-Building Programme for the African Union, signed in 2006, between the AU and the United Nations highlighting the key areas for cooperation between the two organizations.[5] Further, the United Nations Millennium Declaration,[6] the Monterrey Consensus of the International Conference on Financing for Development,[7] the Plan of Implementation of the World Summit on Sustainable Development ("Johannesburg Plan of Implementation"),[8] the 2005 World Summit Outcome[9] and the Programme of Action for the Least Developed Countries (LDCs) for the Decade 2001-2010,[10] among others, provide guidance and a framework for United Nations system support to Africa.

9. In resolution 61/229 of 16 March 2007, the General Assembly requested the United Nations system to provide assistance to the AU and its NEPAD programme, and to African countries, in developing projects and programmes within the scope of NEPAD. It also requested the Secretary-General to promote greater coherence in the work of the United Nations system in support of NEPAD, within the RCM nine thematic clusters which broadly fit the NEPAD priorities. In his report to the Committee for Programme and Coordination (CPC) the Secretary-General stated, inter alia, "Further strengthening of United Nations system support for the implementation of NEPAD is vital. In order to improve the

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[3] The terms of the commitment of the United Nations to NEPAD are laid out in General Assembly resolution 57/7; see also resolution 57/2.
[4] Paragraph 4.
[5] A/61/630 and see also General Assembly resolution 61/296.
[6] General Assembly resolution 55/2.
[7] A/CONF.198/11, chapter I, resolution 1, annex.
[8] A/CONF.199/20, chapter I, resolution 2, annex.
[9] General Assembly resolution 60/1, paras. 68 and 170.
[10] A/CONF.191/11.

effectiveness of the coordination of United Nations support within the regional consultation mechanism, both policy measures and urgent actions are needed. ... In particular, the United Nations system could gain from the efficient and coherent collaboration of various agencies involved in developing integrated programmes and projects in agriculture, infrastructure, communication and environment."[11]

10. However, the growing number of agencies operating in Africa and the multiplicity of coordinating, steering, working committees and groups, as well as interdepartmental task forces throughout the United Nations system which support Africa's development, are increasingly posing serious challenges to the ability of the United Nations to carry out its work in the African continent with enhanced coordination, efficiency, clarity and coherence, in order to obtain optimum results while, at the same time, safeguarding and promoting Africa's key objectives, national ownership and leadership.

11. Indeed, greater coherence of the United Nations system support to Africa is essential at all levels: global, regional, subregional and country levels. Although there is, in practice, no strict separation between the different levels and close linkages exist, this report is deliberately structured into three main parts examining coherence issues at the global (chapter II), regional and sub-regional (chapter III) and country (chapter IV) levels, in order to tackle a complex subject in a structured and reader-friendly manner. Interlinkages between the different levels are given due consideration and presented in each chapter within the pertinent context.

II. ENHANCING COHERENCE AT THE GLOBAL LEVEL

12. OSAA, the CEB, including its three high-level committees (the High-level Committee on Management, the High-level Committee on Programmes and the United Nations Development Group), the MDG Africa Steering Group and the MDG Africa Working Group established in September 2007, are the principal bodies mandated to enhance system-wide coherence and coordination with regard to United Nations system support to Africa at the global level.[12] However, the Inspectors have identified shortcomings in achieving enhanced coordination and synergies between these entities.

A. Office of the Special Adviser on Africa

13. The mission of OSAA, established on 1 May 2003, is to enhance international support for Africa's development and security through its advocacy and analytical work; assist the Secretary-General in improving coherence and coordination of United Nations system support to Africa; and facilitate intergovernmental deliberations on Africa at the global level, in particular relating to NEPAD.

14. OSAA reports to the Secretary-General and its work in support of Africa is multifaceted. Among other things, it takes the lead in preparing reports, organizing and hosting expert meetings and workshops and is engaged in various advocacy activities. OSAA also convenes an interdepartmental task force on African affairs to improve coherence in United Nations support to Africa.

15. Building on its mandate and expertise with regard to advocacy, OSAA is the coordinator of the Advocacy and Communications cluster, one of the nine thematic clusters established

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[11] E/AC.51/2007/4, 30 March 2007, paras.87-89.

[12] While a multitude of other bodies, entities, committees, task forces, steering and working groups exist which have a stake in facilitating system-wide coherence and coordination of United Nations system support to Africa, the evaluation will focus on the above-mentioned entities and bodies.

within the framework of the RCM aimed at coordinating United Nations system-wide support to NEPAD at the regional and subregional levels. Other members of the cluster include the Department of Public Information (DPI), ECA and the NEPAD secretariat. The main objectives are to promote greater understanding of NEPAD globally, build support for NEPAD among Africans and the international community, and promote the work of the United Nations in support of NEPAD.

16. While there is good cooperation between OSAA, ECA and DPI, the Inspectors realized that the division of labour and responsibilities between these entities is not always clear in practice. Although the work of OSAA in support of Africa is centred on the global level and that of ECA on the regional and subregional levels, a clear separation of responsibilities is, in practice, sometimes difficult to achieve, which may result in overlap and duplication of work. Further, the Inspectors believe that the flow of information between OSAA/DPI and ECA is essential and could be improved, considering that it is mutually beneficial for all: OSAA and DPI rely on the information provided by ECA and the RCM for their advocacy work, while ECA and the RCM benefit from the advocacy work of OSAA and DPI, which increases the visibility of and the support for ECA and the RCM.

B. Chief Executives Board for Coordination

17. The CEB is the only system-wide coordination mechanism. It is composed of the executive heads of all United Nations system organizations and meets twice a year under the chairmanship of the Secretary-General. The CEB furthers coordination and coherence on a whole range of substantive and management issues. It is supported by three high-level committees: the High-level Committee on Programmes (HLCP) which is mandated to promote global policy coherence, the High-level Committee on Management (HLCM) which supports the harmonization of business practices across the system and United Nations Development Group (UNDG) which promotes coherent and effective oversight, as well as providing guidance and capacity-building with regard to operational aspects at the country level.

18. The CEB contributes significantly to enhancing the coherence of United Nations system support to Africa, including through its work on the recommendations of the High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment, and the related report of the co-chairs, the harmonization of business practices, its work on specific issues, such as climate change and food crises. Further, with half of the eight pilot programmes under "Delivering as one" taking place in Africa (Cape Verde, Mozambique, Rwanda and Tanzania) and the high percentage of developing countries in Africa in comparison to other regions (two thirds of LDCs are in Africa), Africa also benefits greatly from the work of UNDG on the operational activities of the United Nations system for development at the country level.

C. MDG Africa Steering Group

19. The MDG Africa Steering Group, established in September 2007 by the Secretary-General, brings together the leaders of multilateral development organizations with a view to identifying the practical steps needed to achieve the MDGs and other internationally agreed development goals in Africa. The Group is chaired by the Secretary-General and comprises the Chairperson of the African Union Commission, the President of the European Commission, the Secretary-General of the Organisation for Economic Co-operation and Development (OECD), the President of the African Development Bank (AfDB), the President of the Islamic Development Bank (IDB), the President of the World Bank and the Managing Director of the International Monetary Fund (IMF).

20. The objectives of the MDG Africa Steering Group are to strengthen international mechanisms for implementation in the five areas of health, education, agriculture and food security, infrastructure, and statistical systems; improve aid predictability; and enhance coordination at the country level. It is supported by the MDG Africa Working Group, composed of representatives of the United Nations system and other major multilateral organizations and chaired by the Deputy Secretary-General. The Working Group reaches out to African Governments, prepares action plans for achieving the objectives of the Steering Group, and mobilizes and coordinates the efforts of the institutions represented.

21. The MDG Africa Working Group has established seven technical thematic groups.[13] Five of them are expected to develop actionable business plans to support the implementation of the recommendations of the MDG Africa Steering Group. These five groups are coordinated by organizations which have been given the respective lead mandates.[14]

D. Multiplicity of mandates and activities

22. The United Nations system encompasses no less than 13 specialized agencies and related organizations, 12 funds and programmes and other United Nations entities, 17 departments and offices of the Secretariat, five regional commissions, five research and training institutes and a plethora of regional and country-level structures.[15] While each entity has different governing bodies with varying membership, specific mandate and area of activities, it should be noted that overlap and duplication do exist between them. As stated by the High-level Panel on United Nations System-wide Coherence, in some sectors, such as water and energy, more than 20 United Nations agencies are active and compete for limited resources without a clear collaborative framework. More than 30 United Nations agencies and programmes have a stake in environmental management and sustainable development. On specific issues, such as internally displaced people, several agencies have a legitimate interest, but none has a clear lead.[16]

23. The growing number of multilateral development organizations active in Africa and, in particular the proliferation of mandates, pose a challenge to coherent United Nations support to Africa. In the follow-up to the outcome of the Millennium Summit and as requested by the General Assembly, the Secretariat has set up an electronic mandate registry[17] which contains an inventory of mandates adopted by the United Nations General Assembly, the Security Council and the Economic and Social Council.[18] According to this registry, 1,266 active mandates relating to Africa had been adopted by the General Assembly, the Security Council and the Economic and Social Council as of 2006, of which 996 mandates by the General Assembly.[19] As this registry has not been updated, numerous additional mandates, directly or indirectly related to the United Nations support to Africa, have been adopted, including, for example, in General Assembly resolutions 61/229, 61/296 and 63/1. Furthermore, the governing bodies of other United Nations system organizations, specialized agencies, funds and programmes have also adopted their own additional mandates.

24. As noted in the report of the Secretary-General entitled "Mandating and delivering: analysis and recommendations to facilitate the review of mandates", the current situation may

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[13] See annex III of the present report.
[14] See http://www.mdgafrica.org/working_group.html.
[15] See A/61/583, annex V.
[16] Ibid., para.10.
[17] The registry of mandates, along with accompanying guidance for users, is accessible at www.un.org/mandatereview/index.html.
[18] See A/60/733, paras 9-15.
[19] See footnote 17 above.

result in burdensome reporting requirements; overlap between and within organs; an unwieldy and duplicative architecture for implementation; and a gap between mandates and resources.[20]

25. During their meetings and discussions, the Inspectors noted that these concerns were also shared by many officials interviewed at headquarters and in the field.[21] While some agencies do undertake regular reviews of their support to Africa initiatives, for example the Governing Council of the United Nations Environment Programme (UNEP), many other organizations do not engage in similar exercises. The Inspectors therefore propose that all mandates pertaining to the United Nations system support to Africa should be reviewed in order to assess their status of implementation and evaluate resource, monitoring and reporting requirements, to better clarify the division of labour and responsibilities within the United Nations system and between its different bodies, as well as to keep up with the current needs and priorities of the beneficiary countries. The suggestions and guidance provided in the above-mentioned report of the Secretary-General regarding a possible mandate review pertaining to programmes in support of Africa's development should be taken into account, as appropriate.[22]

26. The implementation of the following recommendation is expected to enhance the coherence, effectiveness and efficiency of United Nations system support to Africa.

Recommendation 1

The General Assembly and the legislative bodies of the corresponding United Nations system organizations should invite the Secretary-General and the executive heads of the other United Nations system organizations to undertake a review of their respective mandates pertaining to United Nations system support to Africa, in order to assess the status of implementation and evaluate resource, monitoring and reporting requirements, and to better clarify the division of labour and responsibilities within the United Nations system and between its different organs, offices and departments.

E. Strengthening communication and sharing of information

27. Given the high number of United Nations system organizations and their complex bureaucracy, a number of inter-agency committees, steering groups, working groups and initiatives have been established with a view to enhancing United Nations system-wide coordination and coherence. Prominent among these bodies and groups with relevance for support to Africa are, as mentioned above, the CEB, the two MDG Africa Groups and the RCM. But a multitude of other inter-agency bodies and groups exist for facilitating coherent and coordinated support to Africa within the framework of the NEPAD programme, including, UN-Water, UN-Energy and the Joint United Nations Programme on HIV/AIDS (UNAIDS),[23] as well as other major initiatives such as in the areas of food security and rural development,[24] air transport safety,[25] information and telecommunication technology[26] and

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[20] See A/60/733, summary.
[21] See E/AC.51/2009/2, paras 41-43 and OIOS audits of OHRLLS and OSAA.
[22] A/60/733, paras 81-87.
[23] The High Level Committee on Programmes has prepared an inventory of inter-agency working groups, committees and mechanisms.
[24] See the Comprehensive Africa Agriculture Development Programme (CAADP) and its Partnership Platform (CAADP PP).

shipping, which also serve as vehicles for United Nations coordination in their respective areas.

28. While interaction, communication and information sharing between the entities mandated to advance United Nations system coordination and coherence are, to some extent, taking place through different channels and means, in the view of the Inspectors it is far from being at an optimum level. For instance, information available at the RCM secretariat based at ECA on the work of the MDG Africa Steering and Working Group as well as the two Regional Directors Teams (RDTs) in Africa was rather limited, and vice versa. With regard to major initiatives related to African development which several agencies have developed, the situation is similar. The need for better communication and information sharing within the United Nations system is also reflected in the following statement of CEB members: "... the [MDG Africa] steering and working groups would need to make best use of the extensive body of analytical work which had already been undertaken with respect to Africa."[27]

29. The Inspectors believe that interaction, communication and information sharing are particularly important because the mandates and areas of activities of the various inter-agency committees, steering groups, working groups and initiatives are more or less overlapping. This, for example, is the case with regard to the MDG Africa Working Group, UNDG and the RCM: a comparison of the five technical thematic groups under objective 1 established by the MDG Africa Working Group with the nine thematic clusters of the RCM shows that issues relating to four out of the five thematic groups (health, education, infrastructure and trade facilitation, and agriculture and food security) are also dealt with by some of the nine thematic clusters of the RCM.[28] Similarly, the technical thematic group "country-level work" under objective 3 of the MDG Africa Working Group addresses issues in which UNDG also has a major stake.

30. The risk of overlap and duplication of work between the CEB and the MDG Africa Steering and Working Groups, was also raised in their 2007/2008 annual overview report by CEB members who recalled that "The Secretary-General stressed that the [MDG Africa] groups should not duplicate the work of existing coordination mechanisms such as the Chief Executives Board and the United Nations Development Group, but should focus on gaps in day-to-day operational collaboration between United Nations system organizations and international financial institutions."[29] These concerns were also shared during the meetings held by the Inspectors with members of the CEB and its secretariat.

31. The Inspectors are of the view that there is a strong need for enhancing, within existing institutional frameworks, communication and sharing of information and best practices among the United Nations system organizations regarding their support to the AU and its NEPAD programme, in order to prevent and minimize duplication of work, overlap and inefficient use of resources, as well as to facilitate synergies. Better interaction, communication and sharing of information and best practices are in particular essential between the main coordination frameworks and mechanisms for United Nations system

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[25] See e.g. Development Forum on Maximizing Civil Aviation's Economic Contribution by Providing Safe, Secure and Sustainable Air Transport in African Skies, April 2007, hosted by the African Union (AU) in association with the International Civil Aviation Organization, the World Bank and the Air Transport Action Group.

[26] See e.g. the "Connect Africa" initiative in which the International Telecommunication Union, the Economic Commission for Africa (ECA), the AU, the African Development Bank (AfDB) and the World Bank, among others, have a major stake.

[27] CEB/2007/2, para. 31.

[28] See annexes II and III of the present report.

[29] E/2008/58, para.17.

support to Africa. Enhanced communication and information sharing is also needed among the United Nations departments and offices which have a major stake in support to the AU and its NEPAD programme, such as OSAA, ECA and the Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS), and the United Nations system organizations which have developed major initiatives in specific thematic areas in support of Africa's development. The CEB, OSAA and ECA may play a more proactive role and facilitate increased communication and sharing of information and best practices by providing platforms and forums for discussion and the exchange of information.

32. The implementation of the following recommendation is expected to enhance coherence, effectiveness and efficiency of the United Nations system support to Africa.

Recommendation 2

The Secretary-General and the executive heads of the other United Nations system organizations should strengthen, within the existing institutional frameworks, communication and sharing of information and best practices among the different United Nations system organizations regarding their support to the AU and its NEPAD programme, in order to prevent and minimize duplication of work, overlap and inefficient use of resources, as well as to facilitate synergies.

F. Strengthening the role of the Chief Executives Board for a more coherent United Nations system support to the African Union and its New Partnership for Africa's Development (NEPAD) programme

33. While not all United Nations system organizations are perceived as being always supportive of the system-wide coordination and integration process for various reasons, including the fear of losing operational, financial or institutional autonomy as well as on grounds of image, they do recognize the need for system-wide coordination and coherence. This is on the understanding that their autonomy, based on the variety of different institutional mandates, responsibilities and structural difference and approaches, is guaranteed.

34. The CEB can contribute significantly to enhancing the coherence of United Nations system support to Africa, among other things through its discussions, its analytical papers and the work of UNDG relating to operational activities at the country level. In particular, the CEB provides a forum for discussing coherence issues at the highest level and for bringing together members of the different coordination mechanisms in support of the AU and its NEPAD programme, including the MDG Africa Steering and Working Groups, the RCM and the executive heads of the United Nations system organizations which have developed major initiatives in specific thematic areas for African development. However, despite the understanding during the HLCP retreat held at Greentree in July 2005 that among the priority issues requiring the engagement of the HLCP in the future would be system-wide support to the NEPAD, this issue did not appear on the agendas of either the HLCP or CEB, until it was taken up by the CEB at its autumn 2007 session. The discussions held during this session under the agenda item "Support to African development", provided CEB members with the opportunity to be briefed on the work of the MDG Africa Groups, the RCM and other major initiatives, and related cross-cutting and coherence issues pertaining to activities at all levels

were discussed.[30] Another good example, which illustrates the contribution the CEB can make, is the discussion held at the CEB in 2008 on issues relating to the food crisis in Africa.

35. Because of the unique role of the CEB as the only system-wide coordination mechanism, the Inspectors believe that it is in a privileged position to play a more proactive and substantive role with regard to enhancing coherence and coordination of United Nations system support to Africa. Only a stronger CEB, with an extended mandate to foster integration and coherence across the United Nations system, can provide a forum for bringing together all stakeholders at the highest organizational level on a regular and consistent basis. To that end, one important step would be to make support to Africa a regular, standing item on the agendas of the CEB and its three pillars. This idea was widely shared during the discussions of the Inspectors with officials and representatives both at headquarters and in the field. Further, given the integration of UNDG into the CEB structures, the CEB now has also a major stake in promoting coherence and coordination at the country level.

36. For these reasons, the Inspectors are of the opinion that the Secretary-General, in his capacity as Chairman of the CEB, should include support to the AU and its NEPAD programme as a regular, standing item on the agenda of the CEB, in order to provide a forum for discussion on coordination and coherence issues relating to United Nations system support to Africa at the highest organizational levels on a consistent basis.

III. ENHANCING COHERENCE AT THE REGIONAL AND SUBREGIONAL LEVELS: STRENGTHENING THE REGIONAL COORDINATION MECHANISM

37. In response to Economic and Social Council resolution 1998/46 which called for the regular holding of regional consultations among United Nations organizations, the first of such consultations on Africa was held in Nairobi in March 1999. In 2002 during the fourth regional consultations meeting and in line with General Assembly resolutions 57/2 and 57/7 requesting that NEPAD should be the framework within which the international community, including the United Nations system, should concentrate its efforts for Africa's development, five thematic clusters were established to better respond to NEPAD priorities. The number of clusters later evolved from five to seven in 2004 and nine in 2006 with ten sub-clusters reflecting NEPAD priorities.[31]

38. The regional consultations meetings (now renamed the Regional Coordination Mechanism (RCM)),[32] provide a framework and mechanism to enhance system-wide coordination and cooperation between the different United Nations system organizations in implementing their work programmes in Africa. The RCM, organized around nine thematic clusters,[33] is convened by a designated United Nations system agency and co-chaired by the AU. Cluster coordinators and members, together with international and African partners, hold annual consultation meetings at ECA in Addis Ababa under the chairmanship of the Deputy Secretary-General and co-chaired by the AU, providing a forum for discussion and for reviewing activities pertaining to the RCM and its clusters. Administrative, organizational and

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[30] See CEB/2007/2, para.29-32.

[31] See annex II of the present report.

[32] See footnote 1.

[33] See annex II of the present report. The thematic areas of the nine clusters are: infrastructure development, water and sanitation, energy, transport and ICTS; governance; peace and security; agriculture, food security and rural development; industry, trade and market access; environment, population and urbanization; social and human development; science and technology; advocacy and communications.

institutional support is provided by the RCM secretariat based at ECA and by the United Nations system agencies which chair clusters and sub-clusters

39. The RCM and its cluster system have been subject to various reviews by United Nations entities, including the Secretariat, ECA and JIU,[34] and by external consultants with a view to identifying and proposing measures to enhance the effectiveness and efficiency of the RCM and its cluster system. As a result of the partial implementation of the recommendations made, some progress can be noted as regards increased effectiveness of the RCM in terms of enhanced leadership and the repositioning of ECA as RCM strategic coordinator; increased interaction within and among clusters; and the development of business plans for some clusters. Further, there is increased participation of United Nations system organizations and African regional (AU, NEPAD secretariat, AfDB) and subregional organizations (regional economic communities) in the RCM process.

40. Nevertheless, significant challenges and constraints remain, as identified during the annual meetings of the RCM[35] and as indicated to the Inspectors. There is, in particular, a strong need for further commitment and leadership; increased accountability; enhanced coordination and collaboration; increased resource mobilization and capacity-building; more systematic monitoring and evaluation; and increased communication, outreach and advocacy. In addition, the activities of the RCM need overseeing and there is a requirement for further alignment of the activities of the cluster system within the framework of the United Nations Ten-Year Capacity-building Programme for the African Union; for mainstreaming of cross-cutting issues such as gender, health and culture into the work of the RCM; and for addressing regional integration issues.

41. Various recommendations were made during the annual meetings of the RCM to address these challenges and shortcomings which are inhibiting the effective and efficient functioning of the RCM, but many of them are not or not yet fully implemented. The Inspectors, building on the observations and recommendations made in the available reviews of the RCM, have focused on selected issues which, in their view, are particularly important for enhancing the effectiveness and efficiency of the RCM and its cluster system.

A. Establishing a steering committee for the Regional Coordination Mechanism

42. Among the proposals for strengthening the RCM was the establishment of a high-level steering committee, composed of representatives of the clusters, ECA, OSAA, the AU Commission and the NEPAD secretariat, to oversee the activities of the RCM and its clusters, to provide guidance, and to follow up on the decisions and implementation of the various recommendations relating to the RCM and its cluster system. The recommendation for establishing such a steering committee was formally adopted during the eighth annual consultations meeting of the RCM held in Addis Ababa in November 2007. [36]

43. The Inspectors were informed that consultations on the establishment of a steering committee for the RCM have started and that it was envisaged to have it set up during 2009. While the need for such a committee was generally recognized by the majority of RCM members and stakeholders,[37] there were different views on its exact design. The Inspectors believe that the proposal for establishing such a high-level steering committee should be implemented on a priority basis, with due respect for the autonomy of each organization participating in the RCM and based on the adequate representation of all members, taking into

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[34] JIU/REP/2005/8.
[35] See ECA/NRID/RCM/7/2, ECA/NRID/RCM8/2007/1 and ECA/NRID/08/27.
[36] ECA/NRID/RCM8/2007/1,page 6.
[37] ECA/NRID/08/27, para.82 (a).

account the key role of the African stakeholders. The steering committee may be chaired by the Deputy Secretary-General (who is currently also chairing the annual consultations meeting of the RCM and the MDG Africa Working Group) and co-chaired by the AU Commission Chairman. The steering committee should also closely follow and coordinate its work with the 14 Specialized Technical Committees (African Ministerial bodies) of the African Union, which were formally recognized by the AU Heads of State during the AU session in January 2009.

44. The terms of reference of the steering committee for the RCM should, in the view of the Inspectors, include not only responsibility for follow-up on decisions and recommendations pertaining to the RCM and its cluster system, but also a general guidance and oversight role. In this capacity, the committee could delegate some authority and tasks to cluster coordinators, other members, or the RCM secretariat, which might result in a better and clearer distribution of responsibilities within the RCM and the cluster system, making it more effective and efficient.

45. The implementation of the following recommendation is expected to enhance the effectiveness and efficiency of the RCM and its cluster system.

Recommendation 3

The Secretary-General and the executive heads of the other United Nations system organizations should ensure that the proposed high-level steering committee for overseeing the activities of the RCM, providing guidance and following up on decisions and recommendations pertinent to the RCM, is established and fully operational by 2010.

B. Reinforcing the strategic coordinating role of the Economic Commission for Africa

46. The ECA mandate is to promote the economic and social development of its member States, foster intraregional integration, and promote international cooperation for the development of Africa. In implementing its mandate, ECA must take account of Africa's current context and priorities, which are defined by the establishment of the AU and the adoption of NEPAD and its associated African Peer Review Mechanism (APRM). Among its many activities, ECA provides support to the RCM and its clusters, through the RCM secretariat.

47. At the seventh annual consultations meeting of the RCM held in November 2006, it was recommended that, based on a recommendation from a previous JIU review on strengthening United Nations system support to NEPAD,[38] the "ECA should move from a mere convener of the Regional Consultation Meetings (RCM) to a Strategic Coordinator of UN support to the AU and NEPAD. In this regard, ECA will provide secretariat function to coordinate the activities of all clusters, with human and financial assistance from other UN agencies and organizations."[39]

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[38] JIU/REP2005/8, Recommendation 7.

[39] ECA, Recommendations of the 7th Regional Consultation Meeting of UN Agencies and Organizations Working in Africa in Support of AU and NEPAD, page 2, available at http://www.uneca.org/nepad/RCM8/ECA_Nepad_Recom_Sep14%20.pdf.

48. Following this recommendation, the NEPAD and Regional Integration Division (NRID) of ECA was strengthened and the RCM secretariat, part of the NRID, was established at ECA headquarters in Addis Ababa. Besides the preparation and organization of the annual consultations and other meetings related to the RCM, the NRID and the RCM secretariat provide a broad range of administrative, organizational and institutional support to the RCM and its clusters. The RCM secretariat acts as a focal point for sharing information on the work, the meeting schedules and the decisions of each cluster, and follows up on decisions and recommendations taken during the annual consultation meetings. It also assists in outreach and advocacy activities related to the RCM. Other initiatives undertaken by the secretariat include the preparation and disbursement of three-year model business plans for the clusters and the launch of a knowledge management platform, including an e-discussion platform, to facilitate and enhance knowledge sharing and collaboration between clusters.

49. This proactive role of ECA as an effective strategic coordinator of the RCM and its cluster system is expected to lead to the revitalization and strengthening of the Mechanism. However, many challenges and shortcomings still exist. For example, sharing of information and communication among the clusters on their work and meeting schedules is behind expectations, as is the adoption of business plans for each cluster. In this regard, in the view of the Inspectors two issues should be addressed: the fact that ECA can play the role of a coordinator, but not implementer, should be emphasized and adequate resources should be provided to ECA in order to ensure that it effectively fulfils the role of strategic coordinator.

50. The issue of adequate resources was also brought up by many participants and stakeholders of the RCM during the discussions and meetings held by the Inspectors. For example, it was mentioned that a press liaison officer at ECA, who would report on a periodic basis on the achievements, successes and challenges of the work of the RCM and its clusters in support of the AU and its NEPAD programme, would greatly facilitate and enhance the outreach and advocacy activities both at ECA and United Nations Headquarters. This, in turn, would also benefit capacity-building and resource mobilization activities. The need for strengthening ECA with regard to its support to the RCM was also recognized by a recent OIOS report which states: "The capacity of ECA to backstop RCM seems limited, with five staff members and a budget equivalent to 0.03 per cent of the total expenditure of the United Nations system in Africa. Capacity would be seriously inadequate should ECA seek a more proactive role in facilitating cluster coordination and interaction between clusters."[40]

51. The Inspectors concur with these views and support the Secretary-General's position as expressed in his 2008 report on Africa's development needs, in which he stated: "The [Regional Coordination] Mechanism's clusters should be provided with sufficient dedicated resources to ensure effective coordination and maximum impact. Furthermore, the secretariat of the Regional Consultations Mechanism located at ECA should be strengthened to ensure that it can effectively execute its strategic coordinating role."[41]

52. While they welcome recent General Assembly resolution 63/260 and the preliminary steps taken by the Secretary-General, the Inspectors expect further measures will follow towards strengthening ECA, including, as appropriate, redeployment of resources, to enable it to effectively undertake its strategic coordinating role with regard to the RCM, under the guidance of the proposed high-level steering committee and of the members of the RCM.

53. Implementation of the following recommendation is expected to enhance the effectiveness and efficiency of the RCM and its cluster system.

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[40] E/AC.51/2009/2, para.20.
[41] A/63/130, para.76.

Recommendation 4

The General Assembly should reiterate its support for strengthening the capacities of the United Nations Economic Commission for Africa (ECA) and invite the Secretary-General to take further measures by allocating adequate resources to ECA including, as appropriate, redeployment of resources, to enable it to effectively fulfil its strategic coordinating role with regard to the RCM in support of the AU and its NEPAD programme.

C. Aligning the Regional Coordination Mechanism and its clusters with the needs and priorities of the African Union and its NEPAD programme

54. The RCM, since its establishment in 2002, has become the principal mechanism for coordinating United Nations system-wide support to NEPAD at the regional and subregional levels with its nine thematic clusters covering the priority areas of NEPAD. Since the 2003 Maputo Declaration on the integration of NEPAD into the structures and processes of the AU,[42] United Nations support for African development is reflecting AU priorities.[43]

55. In response to the 2005 World Summit Outcome,[44] the executive heads of the United Nations system organizations and the AU Commission signed in November 2006 a declaration entitled "Enhancing UN-AU Cooperation: Framework for the Ten-Year Capacity-Building Programme for the African Union."[45] This comprehensive and evolving framework aims to clarify the areas, forms, and scale of the response of the United Nations system to the capacity needs of the AU, including the integration of NEPAD into AU structures and processes.

56. In order to improve the alignment of United Nations system support to the AU and its NEPAD programme, the following four recommendations were made during the eighth annual consultation meeting of the RCM held in Addis Ababa in November 2007:

(a) The "Framework for the Ten-Year Capacity Building Programme for the African Union" is an evolving document, which should be further developed to serve as the overall coordination framework for existing cooperation and bilateral agreements between United Nations agencies and the AU, and should form the basis for United Nations assistance to AU capacity building;

(b) The AU Commission should provide leadership on the further development and implementation of the Programme, in order to ensure that the priority needs of all its departments are adequately addressed;

(c) The internal coordination mechanism of the AU Commission should be strengthened to enhance linkages between its departments, as well as to ensure that the support being provided under the Programme is utilized optimally;

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[42] The need for integrating NEPAD into AU structures and processes was first recognized by the African Heads of State at the second ordinary session of the Assembly of AU held in Maputo in 2003 (Maputo Declaration), and reaffirmed at the 18th NEPAD Heads of State and Government Implementation Committee Summit held in Algiers, Algeria, on March 21, 2007 and at the tenth AU Assembly held in Addis Ababa in January/February 2008.

[43] See also General Assembly resolution 61/296.

[44] See General Assembly resolution 60/1, paras 68 and 170.

[45] A/61/630, annex, reproduced at annex I of the present report).

(d) The AfDB should be invited to provide support for the implementation of the Programme.[46]

57. Following these recommendations, an active consultation process, including a comprehensive review meeting held in March 2008, has started between RCM members and representatives of the AU Commission to discuss the further development and implementation of the Ten-Year Capacity Building Programme. In its leadership capacity, the AU Commission will present in matrix form the needs and priorities identified by its different departments for consideration by the organizations and agencies participating in the RCM. In consultation with these organizations a final document should be elaborated and annexed to the Programme.

58. In addition, the nine thematic clusters of the RCM are, to various degrees, aligning their activities with the priorities of the AU and its NEPAD programme, and with the priorities of the AU sectoral Ministerial Bodies as outlined in annex IV.

59. During the meetings and discussions with representatives of the AU Commission and ECA, the Inspectors noted that the implementation of these recommendations is still work in progress and will be finalized in due course on a priority basis. The importance of recognizing the leadership role of the AU Commission was highlighted, and so was the evolving character of the Ten-Year Programme. In this context, it was mentioned that there is a need for better mainstreaming of cross-cutting issues such as gender, health, culture and regional integration, including more involvement of the regional economic communities (RECs) in the Programme. The Programme should also be able to accommodate current and urgent issues such as food crises and climate change.

60. Another issue raised with the Inspectors was the duality between the AU and its NEPAD programme. Despite the fact that the decision has been taken to integrate NEPAD into the AU structures and processes, confusions, uncertainties and sometimes reluctance remain with regard to the exact roles, responsibilities and division of labour between the AU and NEPAD. There was consensus among the officials met by the Inspectors that this situation impedes the alignment of United Nations support to the AU and its NEPAD needs and priorities. It was proposed that the AU Commission and the NEPAD secretariat should intensify their efforts to finalize the process of integrating NEPAD into the AU.

61. The Inspectors believe that further and continuous alignment of the RCM and its clusters with the needs and priorities of the AU - including the needs and priorities of its Specialized Technical Committees (African Ministerial Bodies) - and its NEPAD programme will result in a more effective and efficient RCM while, at the same time, underlining the leadership role of the AU Commission. The United Nations Liaison Office with the African Union (UNLO/AU), currently composed of only two staff, should be adequately strengthened and closely involved in the consultation, follow-up and monitoring process.

62. The implementation of the following recommendation is expected to enhance the effectiveness and efficiency of the RCM and its cluster system.

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[46] ECA/NRID/RCM8/2007/1, page 10.

Recommendation 5

The Secretary-General should ensure that the RCM and its cluster system are well aligned to the needs and priorities of the AU and its NEPAD programme, taking into account the leadership role of the African Union Commission and the evolving character of the Ten-Year Capacity Building Programme for the African Union, with specific regard to the development and implementation needs of this programme, and should report thereon to the General Assembly at its sixty-sixth session.

D. Adopting further measures for strengthening the Regional Coordination Mechanism and its cluster system

1. Joint planning and programming

63. In order to enable the RCM to focus more on outcomes and impacts, the eighth annual consultations meeting of the RCM recommended that each of the nine thematic clusters prepare three-year business plans for consolidation into one RCM business plan. The objective was to promote joint planning, programming and budgeting, to provide a clear direction as to where the RCM is heading, to foster accountability and sharing of responsibilities, to facilitate the mobilization of resources and to enhance delivery, outputs and impact.

64. Following up on this proposal, the RCM secretariat circulated a sample business plan to all cluster coordinators and requested them to prepare and submit their respective business plans. Despite the importance of the exercise and the consensus among RCM participants at the meeting, only a small number of clusters submitted their business plans, often in varying formats, with different programme cycles, etc. Consequently, the RCM secretariat was not in a position to consolidate the business plans of the different clusters into one business plan for the RCM to serve as a basis for and facilitate joint planning and programming.

65. Since different planning, programming and budget cycles, work programmes and plans and priorities of each of the RCM participating organizations impact negatively on the possibility of joint planning and programming, many of the officials met by the Inspectors articulated the need for the coordinators and other members of the nine thematic clusters to better coordinate the priorities, work programmes and plans of their organizations.

66. The Inspectors were encouraged to see, in this context, that some United Nations system organizations have gone ahead in including support for "Delivering as one" and for enhancing system-wide coordination and cooperation, and coherence of the performance indicators which serve as a basis for evaluating and monitoring the implementation of their respective programmes in support of Africa. The Inspectors welcome these efforts, and call upon all United Nations system organizations to follow this example.

67. It was further proposed that this alignment should also be reflected in the workplans and terms of reference of the respective staff working at each of the participating organizations in support of the RCM and its clusters - which is not the case in many organizations. This creates a situation in which staff activities in support of the RCM and its clusters are not sufficiently or not at all recognized by the respective organizations.

68. The Inspectors share these concerns and support the proposals regarding the alignment exercise which would facilitate joint planning and programming, thus resulting in a more

coherent and functional RCM and cluster system. It would also greatly contribute to the establishment of an effective evaluation and monitoring framework.

69. Finally, the Inspectors were informed that the lack of commitment at the highest level of leadership of cluster coordinators and other members, as well as the absence of heads of agencies in the cluster meetings and at the RCM, have an adverse effect on the RCM. This results in lack of institutional commitment; infrequent scheduling of meetings of clusters; inadequate representation at cluster meetings; poor levels of continuity with respect to representation and communication within the cluster and within the agencies and organizations; inability of the clusters to mobilize resources and to commit dedicated resources for planning and implementing joint programmes and projects; confusion as to who should implement decisions; and inadequate monitoring and evaluation of actions and outcomes. The Inspectors believe that this lack of commitment at the highest level of leadership of cluster coordinators and members should be addressed. They would further like to stress the importance of cluster leaders moving forward to become real coordinators of cluster activities rather than mere conveners of clusters.

70. The implementation of the following recommendation is expected to enhance the effectiveness and efficiency of the RCM and its cluster system.

Recommendation 6

The Secretary-General, in his capacity as Chairman of the United Nations Chief Executives Board for Coordination, should ensure that the organizations participating in the Regional Coordination Mechanism (RCM) align their planning, programming and budget cycles, work programmes and plans and priorities, as appropriate, with those of the RCM and its clusters in order to facilitate joint planning and programming, as well as the establishment of an evaluation and monitoring framework.

2. Improved communication and information sharing within and among clusters

71. Communication and information sharing within and among the clusters of the RCM is vital for its effective and efficient functioning. Progress has been made in this regard due to the efforts of all RCM participants and the RCM secretariat (ECA). The RCM annual consultations, and other meetings of RCM participants serving as a forum for consultations and exchange of information, lessons learned and best practice among RCM participants, are well-established; a knowledge management platform has been launched by the RCM secretariat; and, in general, communication and sharing of information within the RCM has improved.

72. However, during their meetings the Inspectors learned that communication and information sharing are still far from reaching the optimum level. This concerns both information regarding the organizational aspects of the clusters work, for instance sharing the schedule of cluster meetings, as well as information on the work and outputs of each cluster. The shortcomings and challenges with regard to communication and information sharing were also recognized in various reports prepared by the RCM secretariat and those of external consultants.

73. The Inspectors believe that each participating organizations should assign a senior focal point for interaction with the RCM secretariat and other RCM participants. This organizational measure, which was proposed by various officials closely involved with RCM

and cluster activities, would facilitate and contribute to enhanced communication and information sharing within the RCM.

74. The implementation of the following recommendation is expected to enhance the effectiveness and efficiency of the RCM and its cluster system.

Recommendation 7

The Secretary-General and the executive heads of the other United Nations system organizations should assign senior focal points for interaction with the RCM secretariat and other participants, including the African Union Commission and the regional economic communities, in order to enhance communication and information sharing within the mechanism.

3. Interaction of the Regional Coordination Mechanism with the Regional Directors Teams

75. There are two Regional Directors Teams (RDTs) in Africa, one for eastern and southern Africa and the other for western-central Africa. Their objectives are the provision of technical support to Resident Coordinators and the United Nations country teams (UNCTs); quality support and assurance of the common country programming (UNDAF) process; performance appraisal and oversight of Resident Coordinators and the UNCTs; and troubleshooting in difficult country situations, dispute resolution etc. The RDTs are composed of representatives of United Nations system organizations based in the respective region and their structure consists of a secretariat, technical clusters and advisory groups.

76. The "Umbrella Agreement" between the regional commissions and UNDP (which is also the chair of UNDG) of October 2007 (superseding the strategic compact signed in 2000), provides, with regard to Africa, the basis for collaboration between the ECA and the two RDTs in Africa. The agreement is broad in scope and specifically recognizes "support to regional coordination mechanisms with the aim of maximizing the complementarities between the Regional Commissions and UNDP", as well as cooperation at country, regional and global levels ("UN Coherence at the Regional Level, Synergies and Complementarities Between the Regional Coordination Mechanism and Regional Directors' Team", ECA, July 2008, page 22).

77. However, there is a lack of implementation and operationalization of this agreement, in particular as it concerns communication and coordination between ECA and the RDTs. During their meetings, the Inspectors noted that the participants of the RCM have limited knowledge about the RDTs and the UNCTs, and vice versa. This lack of communication and coordination prevents synergies and opens the door for overlaps, in particular as the RDTs and the RCM have similar areas of activities. For example, the eastern and southern Africa RDT technical clusters deal with HIV/AIDS, health, food security, and gender and human rights issues which are also addressed by many of the nine thematic clusters of the RCM.[47]

78. This communication gap between the RDTs and ECA was also discussed at the 2009 retreats of the two RDTs in Africa and it was unanimously agreed by all members that greater engagement is required with ECA. The RDT for eastern and southern Africa has already developed a strategy to that effect and a capacity assessment of the RDTs organized by the

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[47] See annexes II and V of the present report.

United Nations Development Operations Coordination Office (DOCO) is underway to identify the gaps and determine how these can be reduced. The Inspectors welcome these efforts, but they believe that further measures are needed to better implement and operationalize the umbrella agreement, in order to enhance communication, coordination and cooperation between the partners involved.

79. The implementation of the following recommendation is expected to facilitate and enhance communication, coordination and cooperation between ECA and the RCM on one side and UNDP and the RDTs on the other.

Recommendation 8

The Secretary-General and the Administrator of UNDP should ensure that the "Umbrella Agreement" between the regional commissions and UNDP, signed in October 2007, is fully implemented and operationalized in order to facilitate and enhance communication, coordination and cooperation between ECA and the RCM on one side and UNDP and the RDTs on the other.

4. Interaction of the Regional Coordination Mechanism with the African Peer Review Mechanism

80. The African Peer Review Mechanism (APRM) is a mutually agreed instrument for self-monitoring by the participating member Governments with regard to the commitments outlined in the Declaration on Democracy, Political, Economic and Corporate Governance adopted at the Organization of African Unity (OAU) Summit in July 2001 in Lusaka, Zambia.[48] The base document of the APRM was approved by the NEPAD Heads of State and Government Implementation Committee and later endorsed by the African Union Summit in Durban, South Africa, in July 2002. The APRM is a voluntary mechanism open to all member States of the African Union. As of July 2008, 29 countries had formally joined the APRM by signing the memorandum of understanding. A number of AU Commission officials met by the Inspectors asserted that they are not sufficiently briefed and informed on the activities of the APRM.

81. As of July 2008, the APRM, which is headquartered in Midrand, South Africa, had no legal standing in South Africa. The APRM bank account is managed by the Development Bank of Southern Africa (DBSA) for transactions like salaries, travel, office rental and related facilities. According to some AU and UNDP sources, serious issues, such as the legal presence of the APRM in South Africa, transparency and accountability regarding its work and functioning, and the lack of compliance with AU financial rules and regulations should be properly addressed and urgently resolved.

82. Given the similar areas of work of the governance cluster of the RCM and the APRM secretariat, and the fact that there is only limited communication and coordination between these two entities, the Inspectors believe that regular and consistent sharing of information, experience and lessons learned between these two bodies is essential for avoiding duplication of work and for achieving synergies.

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[48] The African Peer Review Mechanism trust fund has a budget of US$7 million to which UNDP contributes US$2.75. The trust fund supports the personnel of the secretariat and the activities of both the Panel and the secretariat of the Mechanism, including meetings and the publications of reports, see E/AC.51/2008/5, para. 82.

5. Full United Nations system participation in the Regional Coordination Mechanism and its cluster system

83. To date, not all United Nations system organizations participate in the RCM and its cluster system. This applies to the United Nations Office on Drugs and Crime (UNODC) which, consequently, is not a member of any of the nine thematic clusters despite its expertise in governance, peace, security and human development issues, and despite its post-conflict experience and engagement.[49] According to the UNODC officials met, their office would be willing to participate in the RCM, but this should be accompanied by the provision of additional resources to UNODC in order to equip its field operations with the necessary volume of technical advisory services in support of the respective thematic clusters.

84. The International Civil Aviation Organization is another organization which does not participate in the RCM, although its expertise could be an asset for the infrastructure cluster of the RCM which deals, among other things, with transportation issues. Similarly, the United Nations Research Institute for Social Development (UNRISD) could contribute to the work of the RCM as a member of the social and human development cluster.

85. Therefore, the Inspectors are of the opinion that the participation of all United Nations system organizations in the RCM and their attendance, at the highest level, to its annual meetings would be mutually beneficial for all parties. This would help to leverage the technical expertise of the Mechanism and create further synergies within the United Nations system support to Africa.

86. The implementation of the following recommendation is expected to enhance the effectiveness of the RCM and its cluster system.

Recommendation 9

The Secretary-General, in his capacity as Chairman of the United Nations Chief Executives Board for Coordination, should call on all United Nations system organizations to participate in the RCM and to attend, at the highest level, its annual meetings in order to further leverage the technical expertise of the Mechanism and create further synergies within United Nations system support to Africa.

E. Strengthening United Nations system coordination and coherence at the subregional level

1. Establishing system-wide subregional coordination mechanisms

87. While the RCM exists as a system-wide coordination mechanism at the regional level, there is no such mechanism at the subregional level. The need for developing such a mechanism has been emphasized by RCM members since their seventh annual consultations meeting held in Addis Ababa in 2006.[50] In order to facilitate better alignment and targeting of United Nations support to the AU/NEPAD priorities and vision at the subregional level, it was recommended that ECA, in consultation with other United Nations agencies, the AU Commission and the NEPAD secretariat, should coordinate discussions on the needs of the

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[49] Although UNODC was represented at the eighth and ninth meetings of the RCM.

[50] ECA/NRID/RCM/7/2, section 3.2; ECA/NRID/RCM8/2007/1, chapter III, section B2; and ECA/NRID/08/27, section 2.3

eight regional economic communities (RECs) in Africa, which are the principal building blocks and vehicles for regional and subregional integration.[51]

88. The difficulties identified during these consultations and discussions included, inter alia, the multiplicity and overlaps of RECs making it difficult to base the mechanism upon them; the varying structures of United Nations system agencies at the regional, subregional and country levels, with many United Nations organizations having no subregional presence but instead regional and national presences; the different understanding of the African subregions among stakeholders; and the lack of capacities and resources of United Nations system organizations for subregional coordination. These concerns were widely shared during the discussions held by the Inspectors with officials of the United Nations system and its African partners, including the AU Commission, the NEPAD secretariat and the RECs.

89. In response to General Assembly resolution 60/235 of 8 February 2006 following an OIOS report on the subregional offices of ECA,[52] the Secretary-General submitted his report "Enhancing the role of the subregional offices of the Economic Commission for Africa,"[53] complemented by a comprehensive review by the Executive Secretary of ECA aimed at repositioning the Commission to better respond to the challenges facing Africa. In resolution 62/208, the General Assembly reaffirmed the need for strengthening the capacities of the regional commissions at the regional and subregional level and the need for more effective and closer coordination and cooperation among United Nations system organizations at these levels.

90. The Inspectors firmly support these reform endeavours and are of the opinion that the Secretary-General should expedite the implementation of the pertinent General Assembly resolutions aimed at strengthening the capacities of ECA and its subregional offices in support of the AU and its NEPAD programme at the regional and subregional levels, and report thereon to the General Assembly at its sixty-sixth session. Reference is also made to recommendations 3 and 4 above.

91. Similarly, with regard to the proposed establishment of a system-wide subregional coordination mechanism within the RCM framework, the Inspectors believe that, for the reasons spelt out in the paragraphs above, the process should be speeded up and finalized as soon as possible.

2. Integrating the regional economic communities into the system-wide subregional coordination mechanisms

92. The eight RECs in Africa, as the principal building blocks and vehicles for regional integration and for the implementation of the AU and its NEPAD programme at the subregional level, are expected to be important partners of the United Nations system organizations. Interactions between the RECs and the United Nations system are either established on a bilateral basis between the regional or subregional offices of the organizations concerned, through the UNCTs of the respective countries represented by the Resident Coordinators or through the subregional offices of ECA.

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[51] The Arab Maghreb Union (UMA); the Common Market for Eastern and Southern Africa (COMESA); the Community of Sahel-Saharan States (CEN-SAD); the East African Community (EAC); the Economic Community of Central African States (ECCAS); the Economic Community of West African States (ECOWAS); the Intergovernmental Authority on Development (IGAD); and the Southern Africa Development Community (SADC).

[52] A/60/120. ECA has five subregional offices located in Yaoundé (central), Kigali (east), Tangier (north), Lusaka (south) and Niamey (west).

[53] A/61/471.

93. During their consultations with officials of the United Nations system and the RECs, the Inspectors were informed that good working relations with the United Nations system exist. However, they discovered that there is poor knowledge within the RECs of the work of the RCM and its clusters. The Inspectors think that the RECs should be more closely involved in the work and activities of the RCM, taking into account their important role for the regional integration process and for the implementation of the AU NEPAD programme at the subregional levels. This would also ensure that the needs and priorities of the RECs are adequately taken into consideration.

94. Many United Nations system organizations with regional or subregional presences are not formally accredited to the RECs of the respective region or subregion but the Inspectors strongly believe that they should be thus accredited through their regional/subregional offices, in order to facilitate interaction, coordination and cooperation between the United Nations system and the RECs.

95. The implementation of the following recommendations is expected to enhance the effectiveness, efficiency and coherence of the United Nations system support to Africa at the regional and subregional levels.

Recommendation 10

The Secretary-General and the executive heads of the other United Nations system organizations should closely involve the regional economic communities (RECs) in Africa in the work and activities of the RCM and its cluster system so as to have the needs and priorities of the RECs coherently reflected within the RCM framework.

Recommendation 11

The Secretary-General and the executive heads of the other United Nations system organizations should encourage all United Nations system organizations, as appropriate and in consultation with UNDG and the RDTs, to be accredited through their regional/subregional offices to the RECs in Africa, with a view to facilitating interaction, coordination and cooperation between the United Nations system and the RECs.

96. Other issues were brought up in this context such as the multiplicity of the RECs, their overlapping membership, which often does not correspond to the five geographic subregions of Africa[54] and the limited capacities and resources of many of the RECs, which are considered impediments to their effective functioning and to their interaction and cooperation with the United Nations system. Renewed attempts have been made to strengthen the RECs and the coordination and cooperation among them, as illustrated by the joint retreat of all RECs convened in August 2008 in Ouagadougou. A common vision was proclaimed and it was reaffirmed that the RECs should implement their programmes through NEPAD, reinforce

[54] In many cases, the eight RECs are composed of member countries from several of the five geographic subregions of Africa and one of them is composed of almost half of all AU member countries from all but one subregion.

their relationship and cooperation with all partners, better link their work to the MDGs, and focus on implementation.

97. Yet, some of the representatives of the RECs met by the Inspectors, confessed their disappointment and preoccupation regarding the recurrent issue of the number and membership of the RECs which should, in their view, be streamlined in order to match the five geographic subregions of Africa. The Inspectors agree with this opinion, since the proposed streamlining of the RECs would clarify the situation and help to strengthen regional integration, in addition to the pivotal role of the RECs in the coherent, effective and efficient implementation of the AU NEPAD programme at the subregional level.

IV. ENHANCING COHERENCE AT COUNTRY LEVEL

98. At country level, the United Nations country teams (UNCTs), led by the Resident Coordinators, are the main coordination mechanisms. They are guided by the respective Common Country Assessments (CCAs) and the United Nations Development Assistance Frameworks (UNDAFs) aligned to the respective national priorities and under the ownership of the beneficiary countries. While UNCTs do not exist in all African countries, there are now more than 45 of them and about 52 Resident Coordinators operating in Africa. In addition, four of the eight "Delivering as one" pilot countries[55] and most self-starter countries (e.g. Botswana, Malawi and Mali) are in Africa. The UNCTs and the Resident Coordinators are supported by the two Regional Directors Teams (RDTs) for Africa and UNDG, with a view to facilitating and enhancing system-wide coherence, coordination and integration of operational aspects at the country level.

99. Given the ongoing reform processes and the numerous reviews and evaluations conducted with a view to enhancing the coherence, effectiveness and efficiency of United Nations system support at the country level,[56] this JIU evaluation focuses on some selected issues which, in the Inspectors' view, appear noteworthy.

A. Strengthening national ownership and leadership

100. As recognized and reaffirmed by numerous General Assembly resolutions, as well as by the beneficiary countries and African development partners, national ownership and leadership should be the guiding principle for all operational activities of the United Nations system at the country level.[57] This would also ensure that the United Nations system addresses the specific needs and priorities of the beneficiary countries, hence contributing to making United Nations system support more integrated and effective at the country level. In this context, the CEB emphasized in 2005 that "The system's effort in support of NEPAD should be sustained and proactive, while remaining sensitive to Africa's ownership of the programme."[58] At the same time, national ownership and leadership entail increased responsibilities and accountability on the part of the beneficiary Governments.

101. The Inspectors welcome the progress that has been made in safeguarding the ownership and leadership of the beneficiary Governments, in particular through the introduction of the

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[55] Cape Verde, Mozambique, Rwanda and Tanzania.
[56] See A/62/73-E/2007/52, A/61/836, A/61/583, A/59/387, A/56/320, and E/2008/60.
[57] See, for example, resolution 62/208, para. 10, and the statement of the participating countries in the "Delivering as one" pilots, adopted in Maputo on 23 May 2008, paras 13-17, available at http://www.undg.org/docs/9917/Maputo-Seminar-of-the-Programme-Pilot-Countries-on-Delivering-as-One-Summary.pdf.
[58] CEB/2005/1, para.13.

UNDAFs. They further note that the operationalization and implementation of the UNDAFs by the UNCTs contributes to improved involvement of the beneficiary Governments which, instead of dealing with a fragmented and multifaceted United Nations system, now interact and communicate with the system through the UNCTs led by the Resident Coordinators.

102. While the beneficiary authorities in most countries are more or less involved in the development and implementation of the UNDAFs, this is not the case in all African countries, particularly where the respective UNDAF does not incorporate all country programmes. Similarly, national ownership and leadership is also impeded in countries which do not have UNDAFs. Finally, the Inspectors wish to emphasize that national ownership and leadership also serves as a means for the United Nations system to address the specific needs and priorities of the African beneficiary countries, including strengthening their national institutional capacities with regard to the management, implementation, monitoring and evaluation of the programmes and projects under the pertinent UNDAFs, as recommended by the JIU report entitled "National Execution of Technical Cooperation Projects" (JIU/REP/2008/4).[59]

103. The implementation of the following recommendation is expected to ensure national ownership and leadership with regard to United Nations system activities in support of Africa at the country level.

Recommendation 12

The Secretary-General and the executive heads of the other United Nations system organizations should ensure that the African beneficiary Governments are always closely engaged in the development, implementation and monitoring of the United Nations Development Assistance Frameworks, in order to foster national ownership and leadership and to enable their organizations to address the specific needs and priorities of the beneficiary countries, including the strengthening of their national institutional capacities

B. Strengthening the capacities of the Regional Directors Teams[60]

104. The two RDTs in Africa - the RDT for Eastern/Southern Africa and the Western/Central Africa RDT - play an important role in supporting the UNCTs in their regions in advancing the United Nations coherence agenda and enhancing strategic programming, resource mobilization and partnership-building. The RDT for Eastern and Southern Africa also undertakes an annual performance assessment of the Resident Coordinator and the UNCTs, and its regional management undertakes oversight and mediation missions to countries and to regional bodies such as the Southern Africa Development Community (SADC).

105. The Inspectors, during their consultations with representatives of the different UNCTs, learned that the two RDTs, despite their core function at the country level, do not really

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[59] See Recommendations 5, 6 and 8.

[60] The concept of the RDT was formally initiated in 2005 with the RDT pilot for Eastern/Southern Africa addressing the "triple threat" of HIV/AIDS, food security and weakened capacity. The scope/mandate of the RDTs has since evolved around two predominant elements: coordinated programme support to UNCTs and coherent oversight of Resident Coordinators/UNCTs. Support to crisis/emergencies, MDGs and issues such as "mapping of expertise" have also been on the agenda in some cases.

possess the necessary capacities and resources to adequately fulfil this role. This is especially crucial considering the extensive ongoing reform processes and the relatively recent establishment of the UNCTs and the Resident Coordinator system.

106. Therefore, the Inspectors believe that stronger and better resourced RDTs for Africa, including the participation of African partners, such as the AU, could make a significant contribution towards advancing system-wide coherence and coordination at the country level, and strengthening the UNCTs and Resident Coordinator system in their respective regions. It should also be taken into account that many country programmes are not limited to a specific country but also have a subregional or regional dimension, as is the case with anti-trafficking programmes which have by nature a transboundary dimension, but this also applies to health, environmental or trade and industrial development programmes. The RDTs, in coordination with ECA, would be in a position to take into consideration the subregional and regional dimensions.[61] The observations and findings of the capacity assessment of the two RDTs in Africa, which is currently being conducted by DOCO, should be taken into account.

107. The Inspectors are also of the view that the experiences and lessons learned at the country level should be shared among the different UNCTs, extended to the "Delivering as one" pilot and self-starter countries in Africa, and taken up by the two RDTs for Africa at the regional and subregional level and with UNDG at the global level. Reference is also made to Recommendation 8 above in this regard.

108. The implementation of the following recommendation is expected to enhance the effectiveness, efficiency and coherence of the United Nations system support to Africa.

Recommendation 13

The Secretary-General and the executive heads of the other United Nations system organizations should further strengthen the capacities and resources of the two Regional Directors Teams in Africa including, as appropriate, through redeployment of resources, to ensure their effective functioning in the context of the extensive ongoing reform processes aimed at enhancing system-wide coherence and coordination at the country levels.

C. Aligning planning, programming and budget cycles

109. Another issue raised during the discussions held by the Inspectors was the need for further aligning the planning, programming and budget cycles of the United Nations system organizations operating in a respective country. While progress in system-wide cooperation and coordination at the country level has been achieved through the UNDAF frameworks, more efforts still have to be made in better linking the country programmes of the individual organizations to the UNDAFs and in harmonizing their planning, programming and budget cycles. This would provide the basis for more extensive joint programming and for establishing a joint monitoring and evaluation framework. It would also facilitate resource mobilization.

110. Furthermore, harmonized planning, programming and budget cycles would allow for simplifying reporting requirements. The Inspectors have learned that some of the beneficiary Governments were overwhelmed by the multiplicity of reports provided by the different

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[61] See also Recommendation 10 of JIU/REP/2008/4.

United Nations system organizations. Having a better system-wide alignment of planning, programming and budget cycles around the UNDAF frameworks would provide for simplified reporting arrangements, or a common reporting arrangement, to the beneficiary countries on country level activities.

111. Despite the drawbacks and existing challenges, progress has been made in establishing measures for a more harmonized and coherent United Nations system. In this context, the Inspectors welcome the work done by the CEB in support of enhancing uniformity of administrative, financial and budgetary procedures and practices, for example through the development of harmonized business practices for the United Nations system. Further, the UNDAF frameworks and the implementation of the "Delivering as one" approach in the African pilot and self-starter countries, greatly contribute to a more harmonized and coherent United Nations system at the country level.

112. Moreover, as the Inspectors were informed, joint programming in implementing the UNDAFs is increasing, although still limited. Good examples are the programmes in various African countries to combat HIV/Aids implemented under the guidance of UNAIDS, and gender mainstreaming programmes executed under the lead of the United Nations Development Fund for Women (UNIFEM). However, there is a need to improve the alignment of the planning, programming and budget cycles of the United Nations system organizations' country programmes with the respective UNDAFs.

113. The implementation of the following recommendations is expected to enhance the effectiveness, efficiency and coherence of United Nations system support to Africa at the regional, subregional and country levels.

Recommendation 14

The Secretary-General and the executive heads of the other United Nations system organizations should ensure that the planning, programming and budget cycles of their country programmes in Africa under the respective UNDAFs are better aligned in order to allow for more extensive joint programming and the establishment of joint monitoring and evaluation frameworks, as well as simplified reporting arrangements at the country level.

114. There is also a need for better aligning the planning, programming and budget cycles of the country programmes with those of subregional and regional programmes in order to achieve increased coordination and coherence at these three levels. The Inspectors understand that, without proper alignment, it would often be difficult to coordinate the implementation of country projects and regional/subregional projects because of different sources of funding, project cycles and reporting mechanisms. This is important as national projects in most cases also have a regional/subregional dimension, e.g. trade and cross-border smuggling, or disposal of waste across borders.

115. The implementation of the following recommendation is expected to enhance the effectiveness, efficiency and coherence of the United Nations system support to Africa at the regional, subregional and country levels.

Recommendation 15

The Secretary-General and the executive heads of the other United Nations system organizations should ensure that the planning, programming and budget cycles of the country programmes in Africa are aligned with those of the regional and subregional programmes, in order to achieve increased coordination and coherence.

D. Strengthening results-based management

116. According to the general understanding, results-based management (RBM) is a life cycle approach to management, integrating strategy, people, resources, processes and measurements to improve decision-making, transparency, monitoring and accountability. The RBM approach, promoted by the JIU (JIU/REP/2004/5), focuses on achieving outcomes and results, performance measurement, learning and changing.

117. In 2004, the JIU prepared a series of reports on RBM including a benchmarking framework for its implementation (JIU/REP/2004/5, JIU/REP/2004/6, JIU/REP/2004/7 and JIU/REP/2004/8). The CEB invited "all UN System organizations to endorse the JIU benchmarking framework for RBM and to use it as the chapeau for their respective implementation of RBM".[62] The JIU RBM benchmarking framework was subsequently endorsed by the General Assembly.[63]

118. The JIU comprehends RBM as a management approach focused on achieving results, a broad management strategy aimed at changing the way agencies operate, with improving performance (achieving results) as the central orientation.[64] Key RBM techniques include formulating objectives (results); selecting indicators to measure progress towards each objective; setting explicit targets for each indicator to judge performance; regularly collecting data on results to monitor performance; reviewing, analysing and reporting actual results vis-à-vis the targets; integrating evaluations to provide complementary performance information; and using performance information for purposes of accountability, learning and decision-making.

119. Most of the United Nations system organizations have adopted an RBM approach and are in the process of strengthening it both at headquarters and in the field. The implementation of RBM at the country level, including in Africa, is guided by the respective RBM manuals of the United Nations system organizations and the guidelines for the UNCTs on preparing CCAs and UNDAFs, which contain guidance on the structure and content of UNDAFs and on the implementation of RBM at country levels including a matrix for operationalizing RBM.

120. Despite the progress made in implementing RBM within the United Nations system organizations, there is a lack of harmonization among the different RBM approaches across the United Nations system, thus negatively impacting its use at the country level, including in Africa. Various shortcomings and challenges with regard to the implementation of RBM at the country level have been identified in reviews conducted by the CEB, UNDG and the

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[62] CEB/2005/HLCM/R.6.
[63] Resolution 60/257 endorsing paragraph 248 of the report of the fifty-fifth session of the Committee for Programme and Coordination.
[64] See JIU/REP/2004/6, Box 1: RBM concept and definition.

United Nations Evaluation Group (UNEG).[65] Among the issues of concern are that: "the UNDAF results are often not SMART[66] enough; different RBM terminologies and approaches are used; most of the RBM manuals developed by the United Nations system organizations do not distinguish between UNDAF outcomes and the outcomes of the respective organizations; the UNDAF results matrices and the related monitoring and evaluation plans are not always adequate, operational and sufficiently owned at all levels; timely, comprehensive and adequate information and reporting on the status of the implementation of the UNDAFs is not available; and the roles and responsibilities for monitoring and reporting on UNDAF results are not yet fully operational."[67]

121. Some of these concerns were also shared by officials met during the missions undertaken by the Inspectors. Given these drawbacks and despite the progress being made in strengthening RBM within the respective United Nations system organizations, the Inspectors are of the opinion that there is a need to strengthen RBM at the country level with a view to achieve a system-wide harmonized RBM approach for the implementation of the UNDAFs in Africa. Thus, a common and harmonized implementation of RBM at the country level not limited to an individual organization but comprising the whole United Nations system would make it collectively responsible for the implementation of the UNDAF results and outcomes. In this regard, the relevant reviews of the CEB, UNDG and UNEG should be taken into account[68] as well as the series of JIU reports on RBM.[69]

122. The implementation of the following recommendation is expected to strengthen the implementation of RBM at the country level with regard to the implementation of the UNDAFs in Africa.

Recommendation 16

The General Assembly and the legislative bodies of the corresponding United Nations system organizations should reaffirm their commitment to results-based management (RBM) and request the executive heads of the United Nations system organizations to harmonize their RBM practices to achieve a common RBM approach at the country level for implementation of the UNDAFs in Africa.

E. Enhancing aid predictability and funding

123. Adequate, predictable, timely and multi-year funding is a prerequisite for an effective, coordinated and coherent United Nations system at the country level. The High-level Panel on United Nations System-wide Coherence stated in this regard that: "If the United Nations is to

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[65] See "Results based management at country level: systemic issues that prevent good UNDAF results and the use of UNDAF results information", paper presented to the Working Group on Programming Policy, UNDG, 2 September 2008; UNEG, "The Role of Evaluation in Results-Based Management (RBM)", UNEG, 5 February 2007.

[66] SMART results are: Specific, Measurable, Achievable, Relevant, and Time-bound; see also UNDG, Common Country Assessment and United Nations Development Assistance Framework, Guidelines for UN Country Teams on preparing a CCA and UNDAF, United Nations, February 2007.

[67] See "Results Based Management at country level: Systemic issues that prevent good UNDAF results and the use of UNDAF results information", paper presented to the Working Group on Programming Policy, UNDG, 2 September 2008; UNEG, "The Role of Evaluation in Results-Based Management (RBM)", UNEG, 5 February 2007.

[68] Ibid.

[69] See para.117 above.

work more coherently and effectively, both at the country level and globally, significant changes are needed to the way donor funding is managed. Current United Nations funding patterns are highly fragmented, unpredictable and constrained by too much earmarking, which has encouraged duplication and inefficiency. This limits the United Nations and programme countries from making strategic decisions, and undermines the principles of multilateralism and country ownership."[70] These concerns, negatively affecting United Nations system support to Africa, were also widely shared by the officials of the United Nations system and its African development partners during the discussions and meetings held by the Inspectors.

124. In responding to these deficiencies and gaps, various efforts have been made to improve the predictability of funding for development activities within the United Nations system including the introduction of multi-year funding frameworks; the establishment of thematic funds for addressing specific cross-cutting issues; the adoption of a concept of negotiated core voluntary funding, better alignment of extrabudgetary resources with the priorities of the major programmes of the organization and the country concerned through sector strategic frameworks; and the creation of regular budget supplementary accounts allowing additional voluntary contributions to the regular budget.[71] Another innovative approach was the establishment of "pooled funds" which, for example, in the case of the Central Emergency Response Fund (CERF)[72] at the global level and the Common Humanitarian Funds (CHF)[73] and the Emergency Funds (ERF)[74] at the country level, have been reported as a more effective and needs-based funding mechanism for humanitarian emergency activities. The introduction of single budgetary frameworks in the "Delivering as one" pilot countries is also a possible way to jointly and coherently mobilize resources at country level and perhaps to secure part of the funding needs of priority programme activities in the One Programme/UNDAF for the United Nations organizations in the country.

125. The Inspectors believe that coherent, effective and coordinated United Nations system support to Africa at the country level is highly dependent on and requires adequate and predictable funding covering a multi-year period. They welcome the significant efforts made by many United Nations system organizations, funds and programmes to increase the level of core/regular budget funding through various, often innovative approaches. However, the Inspectors are of the view that the situation is still far from reaching optimum levels. For example, the General Assembly in resolution 62/208 urged "donor countries and other countries in a position to do so to increase substantially their voluntary contributions to the core/regular budgets of the United Nations development system, in particular its funds programmes and specialized agencies, and to contribute on a multi-year basis, in a sustained and predictable manner."[75]

126. In particular, due to the tight interdependence between the availability of adequate, predictable and multi-year funding on one hand and coherence and effectiveness on the other, as well as the fact that the first is a prerequisite for the latter, the issue of adequate, timely, predictable and multi-year funding requires renewed and continuous consideration by the United Nations system and its governing bodies. In that context, it should be recalled that the Paris Declaration on Aid Effectiveness of March 2005 by ministers of developed and

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[70] A/61/583, Report of the High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment, summary.
[71] See A/62/73-E/2007/52, paras.24-45.
[72] See www.ochaonline.un.org/cerf.
[73] See, e.g. the Sudan Common Humanitarian Fund at www.undp.org/mdtf/sudan/overview.shtml.
[74] See OCHA guidelines for ERFs, available for example at http://ochaonline.un.org/indonesia/AppealsFunding/EmergencyResponseFund/tabid/3319/language/en-US/Default.aspx.
[75] Paragraph 19.

developing countries also called for an increasing alignment of aid with the priorities, systems and procedures of beneficiary countries and for eliminating duplication and dispersion of effort.[76] This was reaffirmed in the Accra Agenda for Action (AAA), adopted at the Third High Level Forum on Aid Effectiveness in Accra on 4 September 2008. Finally, considering the current global economic crisis, the financial turmoil and the damaging impact on financing for development, renewed commitment, massive and coordinated efforts and innovative approaches for ensuring aid sustainability are urgently needed to prevent, as the Secretary-General put it recently, "the onset of new catastrophes"[77] triggered by growing poverty, political instability and social unrest in many developing countries. Against this background, the G-8 and G-20 recently took significant initiatives which were reflected in the measures adopted by the Bretton Woods institutions in support of Africa.

127. Therefore, in the view of the Inspectors, the General Assembly and the legislative bodies of other relevant United Nations system organizations should recommit themselves to the funding principles for improvement of aid quality and its impact on development in support of the AU and its NEPAD programme, and the corresponding needs and priorities of the beneficiary countries. They should support, as appropriate, the introduction of funding mechanisms and modalities aimed at enhancing the adequateness, timeliness, predictability and multi-year availability of funding for their programmes at the country level, in order to achieve increased effectiveness and coherence of these programmes.

128. In this context, reference is also made to the review undertaken by the JIU entitled "Voluntary Contributions in United Nations System Organizations. Impact on Programme Delivery and Resource Mobilization Strategies" (JIU/REP/2007/1) containing several recommendations, of which recommendations 1, 2 and 3 referred to the need to mobilize more voluntary contributions for core resources; the need to develop flexible funding modalities such as thematic funding and pooled funding; and the need to review the existing policies and procedures that guide interactions with donor countries to ensure that they are conducted in a systematic and open manner. The need for extrabudgetary contributions is more flexible, predictable, less conditioned, and better adapted to the development priorities of beneficiary countries. This was also reaffirmed by the JIU review entitled "National Execution of Technical Cooperation Projects" (JIU/REP/2008/4).[78]

129. In the view of the Inspectors it would be useful if consideration of this important issue by the United Nations system were to be accompanied by a comprehensive review by the CEB on resource mobilization, funding mechanisms and modalities for implementation of activities at the country level under the UNDAF frameworks in Africa. Taking stock of the work by the United Nations Conference on Trade and Development (UNCTAD) on external debt, official development assistance and aid effectiveness, foreign direct investment and resource mobilization and commodity dependence,[79] the review should draw upon the experiences of the United Nations system organizations in introducing new approaches and measures addressing funding predictability and multi-year availability of funds, as well as on the experiences and lessons learned from the "Delivering as one" pilot countries in this

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[76] The Paris Declaration on Aid Effectiveness was agreed at the High Level Forum held in Paris from 28 February to 2 March 2005 by developing and donor countries, AfDB, ADB, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Development Assistance Committee of the Organisation for Economic Co-operation and Development, the United Nations, and the World Bank.

[77] Statement on 24 March 2009 in London ahead of the G-20 Summit, April 2009.

[78] See Recommendation 4.

[79] UNCTAD also launched, in February 2007, a development account project to strengthen the capacity of African countries to identify and utilize non-debt-creating domestic and foreign resources for growth and poverty reduction within the framework of the MDGs.

respect. The review should also provide an update of the status of implementation of the Paris Declaration and the AAA. Finally, given the important role of the African private sector for sustained growth and accelerated development, its strategic involvement, in particular the advocacy of multinational enterprises in areas such as water, energy, transport, communication and other infrastructure development projects should be reflected in the review. In this respect, the coordinated partnership with the African and international financial institutions should be also taken into account.

130. The implementation of the following recommendation is expected to facilitate a move towards a more adequate, predictable, timely and multi-year funding of United Nations system programmes at the country level in support of Africa, taking into account the needs and priorities of the beneficiary countries.

Recommendation 17

The Secretary-General, in his capacity as Chairman of the United Nations Chief Executives Board for Coordination (CEB), should initiate through the CEB a comprehensive review on resource mobilization, funding mechanisms and modalities within the United Nations system for ensuring the financial sustainability of the United Nations system support to Africa within the RCM and UNDAFs, including the strategic involvement of the African private sector, as well as coordinated partnership with the African and international financial institutions.

Annex I

ENHANCING UNITED NATIONS-AFRICAN UNION COOPERATION

FRAMEWORK FOR THE TEN-YEAR CAPACITY BUILDING PROGRAMME FOR THE AFRICAN UNION

(A/61/630, annex)

Annex

DECLARATION

ENHANCING UN-AU COOPERATION:
FRAMEWORK FOR THE TEN-YEAR CAPACITY BUILDING PROGRAMME FOR THE AFRICAN UNION

We, the Secretary-General of the United Nations and the Chairperson of the Commission of the African Union, united in our commitment to the maintenance of international peace and security and the enhancement of development on the African continent, and desiring, for that purpose, to develop stronger relationship between our two organizations by establishing a basis for expanding and strengthening consultations and cooperation between our respective secretariats, have agreed to the following in furtherance of the Cooperation Agreement between the United Nations and the Organization of African Unity of 9 October 1990.

1. In view of the persistent needs of the African Union to address the peace and security situation in Africa, we underscore the importance of cooperation between the United Nations (UN) and the African Union (AU) in promoting international peace and security on the African continent, especially programmes and activities that take into account the special needs of Africa, which was reaffirmed by the 2005 World Summit Outcome. To this end, cognizant of the grave toll conflict is taking in many parts of Africa, we undertake to focus our efforts, with priority, on conflict prevention, mediation and good offices, peacekeeping and peacebuilding. We have together identified key areas for collaboration in these sectors so to build the capacity of the African Union and ensure that our organizations work effectively together to meet the challenges to peace and security in Africa.

2. Bearing in mind the wide range of fundamental challenges facing Africa, and pursuant to the World Summit Outcome, we further undertake to deepen and broaden the cooperation between our two organizations, as appropriate, through consultations between us and senior officials, and talks at the staff level, as well as through the implementation of the projects/programmes within the context of the evolving Framework for the Ten Year Capacity Building Programme for the African Union (the Framework). We reiterate that the evolving Framework should be conceived as the UN overall strategic framework for cooperation with the AU, and whose main objective should be to enhance the capacity of the AU Commission and African subregional organizations to act as effective UN partners in addressing the challenges to human security in Africa, focusing on the areas described in paragraph 6 below.

3. We reaffirm that the evolving Framework should cover all aspects of the cooperation between the UN and the AU, including but not limited to the following areas: peace and security (including crime prevention); assistance in institution building, and political and electoral matters; peacekeeping operations; governance, human rights and the rule of law; peace-building; humanitarian response, recovery and food security; social, cultural, and health issues; and the environment.

4. We recognize that the ongoing cooperation between the AU and the organizations of the UN system at the AU headquarters is the operational component of the evolving Framework.

5. We agree to align the support of the organizations of the UN system for New Partnership for Africa's Development (NEPAD) with the evolving Framework.

6. Our cooperation will continue to develop in a practical fashion, taking into account each organization's specific expertise and capabilities, and contributing to improving collaboration among all elements of the international community's response to the challenges on the African continent. We are also prepared to share best practices and lessons learned. In the context of the evolving Framework, we agree to give special emphasis to enhancing the AU's capacities in the following areas:

a) Institution-building, human resources development and financial management;
b) Peace and security;
c) Human rights;
d) Political, legal and electoral matters;
e) Social, economic, cultural and human development;
f) Food security and environmental protection.

7. We agree that existing cooperation arrangements between the organizations of the UN system and the AU will continue. In addition, new cooperation projects/programmes, as well as long-term partnership arrangements with the AU and the African sub-regional organizations, should be designed within/in the context of the evolving Framework and should be consistent with their specific mandates and area of competence.

8. We undertake to implement the ongoing and envisaged UN-AU cooperation programmes on the basis of the evolving Framework, the detailed Joint African Union-United Nations Action Plan for United Nations Assistance to the African Union Peacekeeping Capacity Building and all subsequent sectoral action plans.

9. We agree to periodically review the evolving Framework at three-year intervals.

Done at Addis Ababa, on 16 November 2006.

Kofi A. Annan
Secretary-General of the United Nations

Alpha Oumar Konaré
Chairperson of the African Union Commission

Annex II

THE REGIONAL COORDINATION MECHANISM – LIST OF PARTICIPATING ORGANIZATIONS BY CLUSTER

Cluster	Coordinator	Sub Cluster	Members
INFRASTRUCTURE DEVELOPMENT WATER AND SANITATION, ENERGY TRANSPORT AND ICTS	ECA		AfDB, FAO, IAEA, IMO, ITU, ECA, UNCTAD, UNDP, UNEP, UNESCO, UNICEF, UN-HABITAT, UPU, WHO/WAC, WIPO AND WMO
		WATER	
		ENERGY	
		ICT	
		TRANSPORT	
GOVERNANCE	UNDP		AfDB, DPA, DPKO, IMF, NEPAD, OCHA, OSAA, UNDESA, UNDP, ECA, UNFPA, UNHCR, UNICEF, UNOHCHR, WORLD BANK, AND WFP
SOCIAL AND HUMAN DEVELOPMENT	UNICEF		FAO, IAEA, ILO, IOM, UNDP, ECA, UNESCO, UNICEF, UNIDO, UNFPA, WFP, WHO/WAC AND WIPO
	UNESCO	HUMAN RESOURCES	
	ILO	EMPLOYMENT	
	UNAIDS	HIV/AIDS	
ENVIRONMENT, POPULATION AND URBANIZATION	UN-HABITAT		IMO, ECA, UNEP, UNESCO, UNFPA, UN-HABITAT, AND WMO
AGRICULTURE, FOOD SECURITY & RURAL DEVELOPMENT	FAO		FAO, IAEA, UNCTAD, UNDP, UNESCO, UNICEF, UNIDO, UNHCR, WFP, IFAD, ECA, WIPO, WORLD BANK AND WTO
SCIENCE AND TECHNOLOGY	UNESCO, ECA (VICE COORDINATOR)		UNESCO, ECA, WIPO, UNIDO, FAO, IAEA, OSAA, UNEP, WORLD BANK, CGIAR, UNDP, UNCTAD, UNU/INTECH, AND WHO
ADVOCACY AND COMMUNICATIONS	OSAA		UNEP, UNON, UN-HABITAT, WORLD BANK, NEPAD, UNAIDS, UNHCR, UNESCO, ITU, UNDP, UNFPA, UNICEF, ECA, OSAA AND DPI
PEACE AND SECURITY	DPA		DPA, UNHCR, ILO, UNDP, OHCHR, ECA, FAO, IOM, DPKO, WFP, UNAIDS, AND WHO
	DPKO	PEACE AND SECURITY ARCHITECTURE OF THE AU	
	UNHCR	POST-CONFLICT RECONSTRUCTION AND DEVELOPMENT	
	OHCHR	HUMAN RIGHTS, JUSTICE, AND RECONCILIATION	
INDUSTRY, TRADE AND MARKET ACCESS	UNIDO		ECA, UNIDO, UNCTAD, ITC, ICF, WTO, WIPO, UNDP, UNESCO, IAEA, UNEP, FAO, ILO, UN-HABITAT, AfDB, AND WORLD BANK

Source: ECA, booklet "Delivering as One for Africa, The Regional Consultation Mechanism (RCM) of United Nations Agencies and Organizations", page 10.

Annex III

ALLOCATION OF COORDINATION RESPONSIBILITIES AMONG MEMBERS OF THE MDG AFRICA WORKING GROUP

Objectives	Technical Thematic Groups	Coordinating organization	Other partner organizations
Objective 1	Health	UNICEF and WHO	UNAIDS, UNDP, UNFPA, World Bank, GFATM, etc.
	Education	UNESCO, UNICEF and World Bank	AfDB, AU, EC, EFA FTI, IsDB, UNDP
	Infrastructure and trade facilitation	AfDB, EC and World Bank	ICAO, IsDB, ITU, OHRLSS, UNECA, UN-Habitat, UNDP, UNICEF, etc.
	Agriculture and food security	AU, FAO	AfDB, IFAD, UNDP, UNECA, WFP, World Bank, WHO, etc.
	Statistics	ECA, World Bank	AfDB, OECD/DAC, UNDESA, UNDP, etc.
Objective 2	Aid predictability	IMF, OECD/DAC	AU, EC, UNDESA, UNDP, WB, etc.
Objective 3	Country-level work	AU, UNDP and World Bank	AfDB, IMF, IsDB, UNECA, etc.

Source : http://www.mdgafrica.org/working_group.html

Annex IV

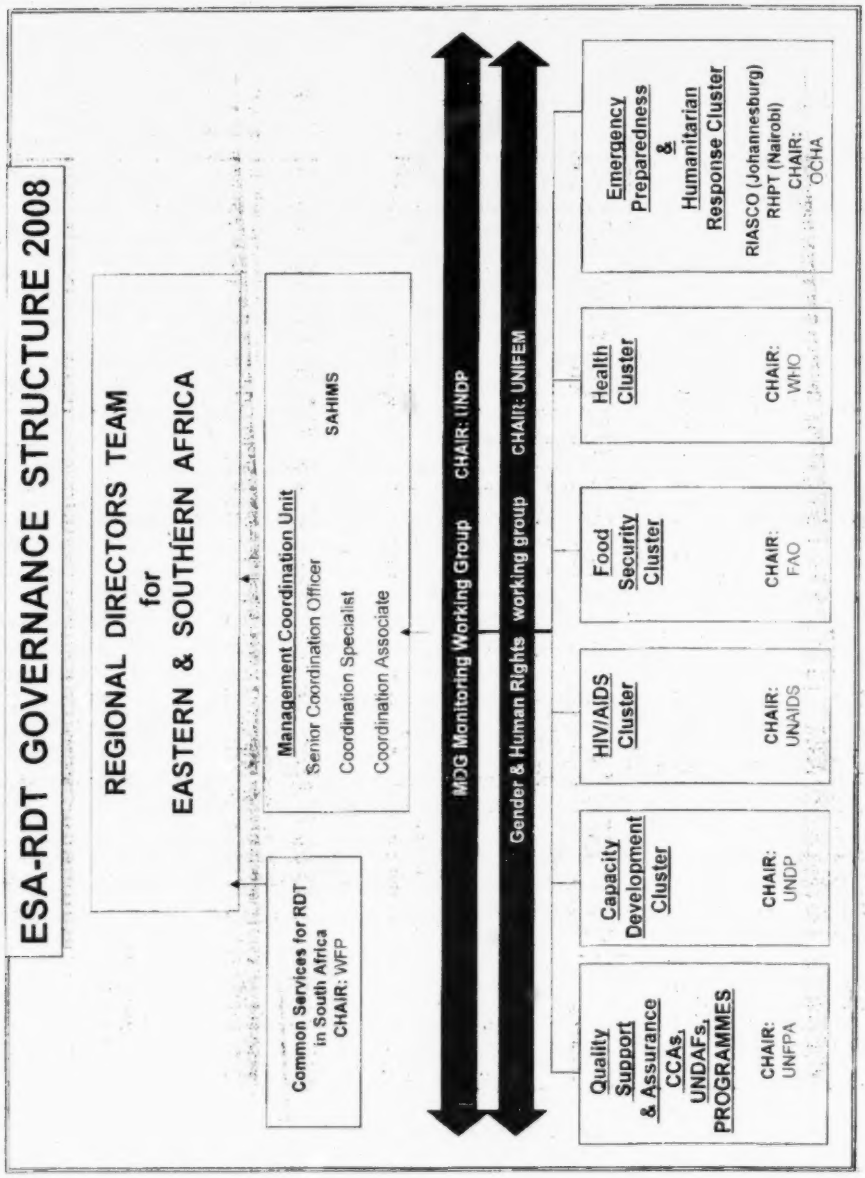
ALIGNMENT OF THE NINE THEMATIC CLUSTERS WITH THE PRIORITIES OF THE AFRICAN UNION AND ITS NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT (NEPAD) PROGRAMME

Cluster	Alignment
Infrastructure Development	The water sub-cluster is guided by the decisions of the African Ministerial Council on Water (AMCOW), which is a specialized technical committee of AU
Governance	The AU-NEPAD African Peer Review Mechanism (APRM)
HRD, Employment and HIV/AIDs	The strategic and relevant sectoral plans of the AU Commission. Joint planning and programming is carried out in close consultation with the AU Commission. In addition, a two-day retreat was held in July 2008 to discuss the alignment of its plans with the priorities of the AU and relevant organs. An outcome document with the key results, including a proposal to reconfigure and rename the cluster "Human and Social Development Cluster" resulted from the consultations.
Environment, Population and Urbanization	The decisions of the African Ministerial Conference on the Environment (AMCEN), the African Ministerial Conference and Housing and Urban Development (AMCHUD), which are specialized technical committees of the AU. In addition, the AU-NEPAD Environment Initiative
Agriculture, Food Security and Rural Development	The AU-NEPAD Comprehensive Africa Agriculture Development Programme (CAADP)
Science and Technology	The decisions of the African Ministerial Council on Science and Technology (AMCOST), an AU specialized technical committee and the AU-NEPAD Science and Technology Comprehensive Plan of Action (CPA), member of the African Cluster on Science and Technology, which is the technical arm of AMCOST. In addition, the elaboration of Science, Technology and Innovation (STI) indicators in collaboration with the AU Commission and the NEPAD secretariat has contributed to achieving alignment.
Advocacy and Communication	The strategic plans of the AU Commission and the NEPAD secretariat
Peace and Security	The TYCBP- AU, which is based on priorities identified by the AU Commission and the AU Peace and Security Policy. Carries out joint planning and programming in close consultation with the AU Commission
Industry, Trade and Market Access	The priority areas of NEPAD and the TYCBP-AU, related to industry, trade and market access. Draft business plan was prepared on the basis of these priorities

Source: ECA/NRID/Progress report on the RCM.

Annex V

REGIONAL DIRECTORS TEAM FOR EASTERN AND SOUTHERN AFRICA – GOVERNANCE STRUCTURE 2008



Source: Regional Directors Team for Eastern & Southern Africa, 2008

ANNEX VI

OVERVIEW OF ACTION TO BE TAKEN BY PARTICIPATING ORGANIZATIONS ON JIU RECOMMENDATIONS
JIU/REP/2009/5

		Intended impact	United Nations, its funds and programmes													Specialized agencies and IAEA												
			CEB*	United Nations**	UNCTAD	UNODC	UNEP	UN-HABITAT	UNHCR	UNRWA	UNDP	UNFPA	UNICEF	WFP	UNOPS	ILO	FAO	UNESCO	ICAO	WHO	UPU	ITU	WMO	IMO	WIPO	UNIDO	UNWTO	IAEA
Report	For action		☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒
	For information		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Recommendation 1		e		L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L
Recommendation 2		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 3		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 4		e		L																								
Recommendation 5		e		E																								
Recommendation 6		e	E	E																								
Recommendation 7		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 8		c		E							E				E													
Recommendation 9		e	E	E																								

Legend: L: Recommendation for decision by legislative organ
E: Recommendation for action by executive head (*in case of the CEB by the Chair of the CEB)
☐: Recommendation does not require action by this organization

Intended impact: **a:** enhanced accountability **b:** dissemination of best practices **c:** enhanced coordination and cooperation **d:** enhanced controls and compliance **e:** enhanced effectiveness **f:** significant financial savings **g:** enhanced efficiency **o:** other

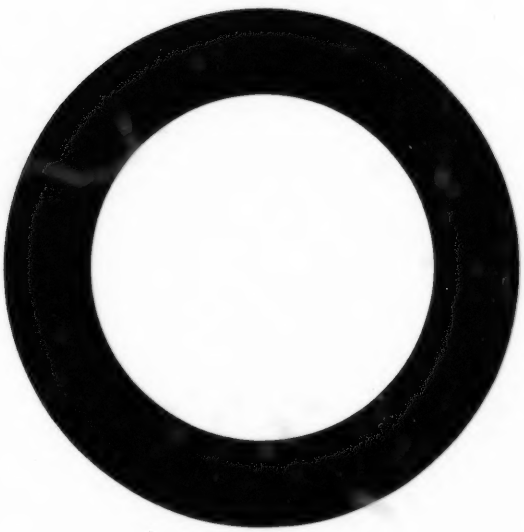
** Covers all entities listed in ST/SGB/2002/11 other than UNCTAD, UNODC, UNEP, UN-HABITAT, UNHCR, UNRWA.

		Intended impact	United Nations, its funds and programmes													Specialized agencies and IAEA												
			CEB*	United Nations**	UNCTAD	UNODC	UNEP	UN-HABITAT	UNHCR	UNRWA	UNDP	UNFPA	UNICEF	WFP	UNOPS	ILO	FAO	UNESCO	ICAO	WHO	UPU	ITU	WMO	IMO	WIPO	UNIDO	UNWTO	IAEA
Report	For action		☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒
	For information		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Recommendation 10		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 11		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 12		o		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 13		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 14		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 15		e		E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E	E
Recommendation 16		o		L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L	L
Recommendation 17		o	E	E																								

Legend: **L:** Recommendation for decision by legislative organ
E: Recommendation for action by executive head
■: Recommendation does not require action by this organization

Intended impact: **a:** enhanced accountability **b:** dissemination of best practices **c:** enhanced coordination and cooperation **d:** enhanced controls and compliance **e:** enhanced effectiveness **f:** significant financial savings **g:** enhanced efficiency **o:** other

** Covers all entities listed in ST/SGB/2002/11 other than UNCTAD, UNODC, UNEP, UN-HABITAT, UNHCR, UNRWA.



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Review of the efficiency of the administrative and financial functioning of the United Nations

Joint Inspection Unit

Offshoring in United Nations system organizations

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly the report of the Joint Inspection Unit entitled "Offshoring in United Nations system organizations: offshore service centres" (JIU/REP/2009/6).

* A/65/50.

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OFFSHORING IN UNITED NATIONS SYSTEM ORGANIZATIONS

Offshore Service Centres

Prepared by

Cihan Terzi
Istvan Posta

Joint Inspection Unit

Geneva 2009

EXECUTIVE SUMMARY

Offshoring in United Nations system organizations: offshore service centres JIU/REP/2009/6

Objective

The objective of this report is to provide an assessment of offshoring policies, practices and experiences in the United Nations system, and to identify best practices and lessons learned.

Offshoring describes the relocation of business processes from one country to another. In recent years, the Office of the United Nations High Commissioner for Refugees (UNHCR), the Food and Agriculture Organization of the United Nations (FAO), the World Health Organization (WHO) and the World Food Programme (WFP) have developed major offshore service centre projects for their administrative services. With the exception of WFP, these organizations have already established their offshore centres.

The present report will focus on these cases and, based on the analysis of experiences and lessons learned, propose recommendations to be used as benchmarks for the implementation of United Nations system organizations when they consider offshoring administrative support services.

Offshoring policy

Prompted by resource crunches, United Nations organizations have resorted to offshoring for cost-saving reasons, without having first undertaken cost-benefit analyses of alternative sourcing options for delivery of services, and without a comprehensive policy or the explicit approval of governing bodies.

The establishment of offshore service centres is a strategic policy decision with serious implications on the structures of the organizations, therefore it should be subject to the review and approval of the governing bodies. Offshoring policy should be based on the cost-benefit analysis of alternative sourcing options for the delivery of services and developed in alignment with the corporate strategies of the organizations.

The policy should consider not only the expected cost reduction and service improvement, but also the risk management imperatives, such as financial, operational and organizational risks, including the possible adverse impact on staff.

In the United Nations system, increasing numbers of organizations are considering offshoring to reduce the cost of administrative services. However, their offshoring initiatives are piecemeal, ad hoc and disconnected. Organizations should explore inter-agency policy and project development opportunities for greater strategic and operational gains before undertaking individual offshoring projects.

Mitigating measures for affected staff

During offshoring, the management of human resources is particularly challenging, both for the organization, which stands to lose experienced staff, and for individual staff

members who face unwelcome change and the threat of job loss. Appropriate measures should be taken in an exemplary manner to mitigate the impact of offshoring on the staff.

Employment of National Professional Officers (NPOs)

Significant levels of NPO employment in offshore service centres pose a risk of undermining the international character of the organizations. The governing bodies and heads of organizations should pay the utmost attention to maintaining the international character of the organizations when staffing offshore service centres.

Planning, communication and management

A successful offshoring exercise requires comprehensive planning from the beginning and through all phases of the project. It should include change management and corporate communications strategies; risk assessment and mitigation measures; a sound governance structure; early recruitment of local staff; training and knowledge transfer; and security, business continuity and disaster recovery planning.

Monitoring and reporting

Offshoring should include regular monitoring and reporting mechanisms based on established benchmarks and performance indicators. Progress in the achievement of objectives such as cost saving and service improvement should be monitored and reported. Reporting should be done internally to senior management and externally to governing bodies.

Achievements/success of offshore service centres so far

No reports are yet available to analyze and demonstrate the achievement of cost-saving and service quality goals of the established major offshore service centres of the organizations. Moreover, there are no established methodology and monitoring mechanisms to measure progress and to report thereon.

In the absence of monitoring and reporting, the expected achievements of offshoring, namely cost savings and service improvements, remain in question. Those organizations with established offshore service centres should urgently set up appropriate methodologies and monitoring mechanisms in order to measure progress towards achieving the objectives of offshoring, and report internally to senior management and externally to their governing bodies on a periodic basis.

Inter-agency offshoring opportunities

In order to achieve maximum efficiency, before resorting to offshoring, organizations should examine all inter-agency cooperation opportunities, including insourcing to existing service centres and establishing inter-agency service centres. Better inter-agency communication and potential consolidation would result in greater efficiency gains and provide early warning against risks.

The offshoring initiatives of United Nations system organizations have so far been piecemeal, fragmented and disconnected. This approach fails to capitalize on the potentially greater efficiency gains that might be achieved through inter-agency offshoring initiatives. The United Nations System Chief Executives Board for Coordination (CEB), through the High-Level Committee on Management (HLCM), should expedite the consideration of inter-agency shared service centres and initiate the development of a common/joint offshoring policy, with a view to achieving greater efficiency through a joint decision and project development process.

Recommendations

The report includes 18 recommendations in total. While three recommendations are addressed to governing bodies, 13 recommendations are addressed to the executive heads of the organizations and two recommendations are addressed to CEB. The recommendations establish a benchmarking framework for United Nations system organizations considering offshoring administrative services.

Since UNHCR, WHO and FAO have made progress in the establishment of offshore service centres, the governing bodies and executive heads of these organizations should ensure the implementation of recommendations 7, 14 and 15. In addition, it is expected that, as Chairman of CEB, the Secretary-General should pursue the implementation of recommendations 17 and 18.

Recommendations for consideration by governing bodies

Recommendation 1

The governing bodies of United Nations system organizations should request the executive heads, before offshoring services, to develop an offshoring policy which is based on the cost-benefit analysis of all sourcing options for the delivery of services and which is in alignment with the medium- to long-term corporate strategy of the organization. The policy should then be subject to the review and approval of the governing bodies. All inter-agency opportunities, including common/joint policy and project development, should be explored exhaustively before organization-based offshoring policies and projects are prepared.

Recommendation 7

The governing bodies of United Nations organizations should request the executive heads to maintain the international character of the organizations in staffing offshore service centres.

Recommendation 15

The governing bodies of United Nations system organizations should exercise their oversight role in offshoring activities, including the implementation of policies, performance evaluation, and assessment of progress in achieving the objectives.

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ANNEXES

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ABBREVIATIONS

CEB	United Nations System Chief Executives Board for Coordination
ERP	Enterprise resource planning
FAO	Food and Agriculture Organization of the United Nations
GS	General Service
HLCM	High-Level Committee on Management (of CEB)
IAEA	International Atomic Energy Agency
ICSC	International Civil Service Commission
ICT	Information and communication technology
ILO	International Labour Organization
IT	Information technology
JIU	Joint Inspection Unit
MOSS	Minimum Operational Security Standards
NPO	National Professional Officer
SLA	Service level agreement
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization

I. INTRODUCTION

1. As part of its programme of work for 2008, the Joint Inspection Unit (JIU) conducted a review of offshoring in United Nations system organizations. The objective of the review was to provide an evaluation of offshoring policies, practices and experiences in the United Nations system, and to identify best practices and lessons learned.

2. In general terms, offshoring describes the relocation of support/administrative/business services from one country to another. It can take two different forms: offshore insourcing and offshore outsourcing. Offshore insourcing is characterised by the relocation of business processes to another country while still being kept in-house; and offshore outsourcing is when the business processes are contracted out to a different entity/company in another country.

3. An overview of offshoring practices in United Nations system organizations shows that offshore outsourcing is limited, and is concentrated primarily in the area of information and communication technology (ICT). In the case of offshore insourcing, some organizations have already established large offshore service centres in countries other than where their headquarters are located, and transferred the bulk of their business processes to these centres. In view of this situation, and as the JIU has already addressed the subject of outsourcing in some detail,[1] the present report will focus on the major offshore service centre initiatives (offshore insourcing) in the United Nations system. Henceforth, for ease of reference, the word offshoring will represent offshore insourcing in this report.

4. The present report reviews the cases of the offshore centres of the Office of the United Nations High Commissioner for Refugees (UNHCR), the Food and Agriculture Organization of the United Nations (FAO), the World Health Organization (WHO) and the World Food Programme (WFP) and, based on their experience and lessons learned, suggests recommendations to be used as benchmarks for United Nations system organizations to utilize when they consider offshoring administrative services. However, as UNHCR, FAO and WHO have already established offshore centres, they should implement recommendations 7, 14 and 15. In addition, as the Chairman of the United Nations System Chief Executives Board for Coordination (CEB), the Secretary-General should pursue the implementation of recommendations 17 and 18.

5. In accordance with the internal standards and guidelines of JIU and its internal working procedures, the methodology followed in preparing this report included a preliminary desk review, questionnaires, interviews and in-depth analysis. A short questionnaire was sent to all participating organizations to obtain an overview of offshoring practices in the system. The Inspectors conducted interviews with officials of the organizations and their staff representatives and undertook missions to offshore service centres. Comments from participating organizations on the draft report have been sought and taken into account in finalizing the report.

6. In accordance with article 11.2 of the JIU statute, this report has been finalized after consultation among the Inspectors so as to test its conclusions and recommendations against the collective wisdom of the Unit.

7. The Inspectors wish to express their appreciation to all who assisted them in the preparation of this report, and particularly to those who participated in the interviews and so willingly shared their knowledge and expertise.

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[1] JIU/REP/2004/9, JIU/REP/2002/7, JIU/REP/97/5.

II. OVERVIEW OF OFFSHORING IN THE UNITED NATIONS SYSTEM

A. Overview of offshoring initiatives

8. Annex I shows an inventory of the offshore insourcing and offshore outsourcing activities of the United Nations system organizations. Offshore outsourcing is limited to individual and non-critical business processes. In the case of offshore insourcing, UNHCR, FAO, WHO and WFP have recently initiated major projects to establish in-house offshore service centres in low-cost countries away from headquarters.

9. The Secretary-General of the United Nations, in his 2006 reform proposals, identified alternative sourcing options for the delivery of services, including the offshoring of certain administrative functions, outsourcing to external providers, telecommuting, and making more effective use of facilities already established around the world.[2] He noted that progress in exploring these options had been piecemeal and slow in the United Nations, and that administrative and support services were generally performed in-house and at high-cost locations such as New York and Geneva. He also proposed to undertake cost-benefit analyses of relocation, outsourcing and telecommuting opportunities for selected administrative services in 2006/2007.[3] In resolution 60/260, the General Assembly decided to revert to the issue of undertaking such a cost-benefit proposal at its sixty-first session; however, there has been no further action from the General Assembly in this respect.

B. Major offshoring initiatives: offshore service centres

UNHCR

10. In February 2006, UNHCR launched a structural and management change process to review and realign its structures, processes and operating arrangements, with a view to increasing its responsiveness to the needs of beneficiaries and to reducing expenditures on administration and headquarters costs.[4] The terms of reference included outposting/offshoring, decentralization, regionalization and a field review.

11. Through an internal review, certain functions such as human resources, finance, and supply management, as well as necessary ICT support functions, were identified as suitable for offshoring. Subsequently, a detailed offshoring feasibility study (business case) was undertaken by PricewaterhouseCoopers, which identified a shortlist of four locations, with estimated cost savings.[5] UNHCR management chose Hungary (Budapest) among the shortlisted countries for offshoring.

12. Because of offshoring, 129 posts, consisting of 93 General Service (GS) and 36 Professional posts, were to be discontinued at headquarters. The Global (offshore) Service Centre commenced operations in Budapest on 1 January 2008, with the transfer of functions taking place in phases.

13. As of July 2009, there were 194 posts at the Global Service Centre as follows: Director D-1 (2); Professional (56); National Professional Officer (NPO) (25); GS (106); and Field Service (5). The net increase between posts discontinued at headquarters and posts actually created in the service centre was explained by the strengthening of the supply management service, transitory (temporary) staff and the recently established Global Learning Centre. Officials explained that the scope of offshoring has been expanded recently by including a Global Learning Centre for the consolidation of training functions in the offshore centre.

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[2] Investing in the United Nations: for a stronger Organization worldwide, A/60/692, paras. 57 and 58.
[3] Ibid, proposal 12.
[4] EC/59/SC/CRP.3, 10 February 2008, para. 1.
[5] UNHCR outposting feasibility study, final report, 16 April 2007.

FAO

14. Following repeated calls from the governing bodies to achieve efficiency savings and productivity improvements in the administrative area, the Director-General in 2005 proposed the creation of a shared offshore service centre to be located where costs are significantly lower than in Rome.[6] In the context of organizational reforms, the FAO Conference authorized the creation of an offshore service centre in 2005 (resolution 6/2005). Proposals for the establishment of the service centre, as well as a comparison of locations for its main hub, were presented to the FAO Council in November 2006.[7]

15. In FAO, the provision of administrative and financial services was fragmented across headquarters and four management support units in regional offices.[8] Taking into account various factors, including cost, time zones, languages, facilities and ICT infrastructure, three processing locations in three regional offices (Budapest, Santiago and Bangkok) were considered to be the optimal solution with a coordination centre at headquarters in Rome. Budapest was chosen as the main processing centre, which would cover Africa, Europe (including central Asia) and the Near East.

16. It was planned[9] that with offshoring, a total of 92 posts (72 at headquarters and 20 at regional locations) would be discontinued, comprising 83 GS and 9 Professional posts. The offshore centre commenced operations in Budapest on 2 January 2008, with a phased transfer of functions. As of October 2008, there were 95 posts at the centre (9 Professional and 86 GS staff). Of the total, 72 were established regular posts and 23 were temporary (nine fewer temporary posts than in Rome).

WHO

17. An analysis of service delivery for WHO management and administration functions, undertaken in 2006, concluded that the consolidation of routine processing of administrative transactions, which were fragmented across the headquarters and regional offices, into a global service centre located in a low-cost country, would result in significant cost savings. It would achieve savings through both economies of scale and lower operating costs in low-cost locations. This would allow a higher proportion of the WHO budget to be dedicated to achieving health outcomes. Moreover, the quality of service delivery would be managed to an agreed level, equal to or better than the best level achieved by WHO.

18. At the same time, it was envisaged that the introduction of a global management/enterprise resource planning (ERP) system would bring further efficiency gains and ensure effective service delivery from a single global service centre. It would provide an integrated global management system which would be shared by all offices worldwide over the Internet. The consolidation of services into one centre and the introduction of ERP would also reduce the administrative burden on technical programmes.

19. After some deliberation, WHO management chose Kuala Lumpur as the location for its offshore service centre. It was planned that the service centre would be responsible for the global delivery of administrative transactions in the areas of human resources, finance, payroll, procurement and global information technology (IT) services. The service delivery model analysis envisaged that the total number of staff performing administrative functions would be reduced. It was estimated that 276 staff would be affected by the offshoring to Kuala Lumpur (168 fixed-term and 108 short-term staff). The service centre reported 191 posts at the end of 2008, as follows: D-2 (1); Professional (26); NPO (31); and GS (133).[10]

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[6] CL 131/18 Add.1, p. 2, para. 2.
[7] CL 131/18, paras. 74-106 and CL 131/18 Add.1.
[8] CL 131/18 Add.1, p. 2, para. 3.
[9] CL 131/18, para. 87.
[10] WHO, Global Service Centre report 2008, p. 8.

WFP

20. Offshoring was considered in WFP in the context of downsizing efforts due to a shortage of funds. In 2007, the Boston Consulting Group undertook a study for the offshoring project[11] and drew up a shortlist of possible offshore locations, with estimated cost savings. The study identified India as the preferred offshore location, however, WFP management decided on offshoring different services to different locations in a phased approach. The first phase entailed the offshoring of non-critical processes (non-food procurement to Dubai; IT help desk, vendor management and travel to Delhi). In the second phase it was planned to offshore more critical processes, such as human resources management to Cairo and finance transactions to Delhi, but to date the second phase has been delayed. The Inspectors were informed that a new review of the offshoring project has been taking place, including a new proposal for four service centres.

C. Justification for offshoring: cost-effectiveness and service improvement

21. A review of the literature indicates that in the private sector, cost savings were the major driver for establishing offshore service centres. Likewise, cost savings were the main reason for the establishment of offshore service centres in the United Nations system. The justification for each of the four major offshoring cases reviewed in this report was the expectation of substantial cost savings in the delivery of administrative support services. The main source of savings envisaged arose from the significant differences in the salaries of GS staff between headquarters and offshore locations. In addition, it was envisaged that offshoring would improve services through consolidation and optimal use of resources.

22. During interviews, officials stated that the main purpose for offshoring might not invariably be cost saving; it could also be increasing service capacity and quality by enabling organizations to use resources more efficiently. In other words, with the same level of resources, offshoring could enable organizations to hire more staff and utilize more expertise and services for more and better service delivery. Thus offshoring provides flexibility to the organizations in the use of resources.

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[11] WFP offshoring project, final documentation, March 2007.

III. OFFSHORING POLICIES AND PRACTICES

A. Offshoring policy in the context of overall corporate strategy

23. The decision to offshore should be based on the cost-benefit analysis of all sourcing options for the delivery of services, and a policy that includes objectives to be achieved and principles to be applied for offshoring should be developed. The recommendations of the present report should be taken into account in the development of the main principles of offshoring policies.

24. Sourcing options that should be analysed to determine the efficient and effective models for the delivery of services should include retaining services in their current location but streamlining and re-engineering; insourcing to other organizations; offshoring; and outsourcing. Analysis of sourcing options would indicate the best models for the delivery of different groups of services in the organization. The analysis should establish the benefits-and-risk profile of different alternatives with short-, medium- and long-term solutions.

25. United Nations system organizations resort to offshoring in a piecemeal and ad hoc manner, often in reaction to severe funding shortages, rather than planning and developing an offshoring policy based on the analysis of alternative sourcing options with a long-term vision. Although cost saving was the main driver for offshoring, organizations did not make a true analysis of alternative sourcing options for cost savings. In the case of outsourcing, officials stated that they prefer offshoring to outsourcing because of strategic and security concerns, citing the need to retain in-house control of their data and security, to minimize risks, as well as to retain staff and maintain the international character of the organizations.

26. In the absence of a thorough sourcing analysis in the offshoring cases reviewed, some interviewees argued that when looking at savings targets, in particular on an annual basis, they were not significant in terms of the total expenditure of the organizations, and alternative savings options like eliminating duplications and streamlining services could have easily been found without resorting to difficult offshoring exercises.

27. An offshoring policy should be clearly defined and closely aligned with the overall corporate strategy of the organization, such as decentralization and regionalization. Instead of fragmented and piecemeal projects, a holistic approach covering the whole organization would yield the greatest gains in efficiency. Moreover, the Inspectors are of the view that, given that an increasing number of organizations are considering offshoring, the development of a common/joint offshoring policy by the United Nations system or by United Nations system organizations considering offshoring would yield the greatest efficiency gains.

28. If the idea of a common offshoring policy is accepted, there is no need for organizations to develop policies individually. Then, the recommendations in this report should be taken into account in the development of a common policy for joint actions, including the establishment of inter-agency offshore service centres. In the absence of the establishment of a system-wide policy, organizations that are considering offshoring should jointly develop a policy and project. In any case, organizations should explore all inter-agency opportunities, including common/joint policy and project development, and insourcing to other organizations, before developing policy and projects individually. This issue will be reviewed further in section VI.

Decision-making process for offshoring

29. The establishment of offshore service centres is a strategic policy decision with serious implications on the structures of the organizations. It should therefore be subject to the review and approval of the governing bodies as part of the overall corporate strategy. The review process should include the cost-benefit analysis, likely investment cost, implications on the organizational structure, risks and mitigation factors, and alignment with overall corporate strategy. In the case of management taking the decision alone, there is a great risk that, on the one hand, the organizational structure and policies might be changed without the approval of the main

stakeholders, and on the other hand, it might later be difficult to gain the support of these stakeholders when needed, such as for funding, regulatory changes and mitigating risks.

30. Among the four offshoring cases reviewed, only FAO had the direct approval of the Member States for the establishment of its offshore centre.[12] In WFP, the intention to offshore was included in the Biennial Management Plan for 2008–2009, but no direct decision was required of or taken by the Executive Board.[13] Similarly, in UNHCR and WHO, offshoring was initiated at the most senior levels of management, and was not dependent on decisions of their governing bodies, although the latter were kept informed of the process through regular reporting.

31. Staff involvement is essential from the outset in any offshoring proposal. Management should brief staff regularly through close consultation with staff associations and town-hall style meetings, providing detailed information to ensure transparency and help gain the confidence of the staff. The active participation of staff representatives in all change management teams, task forces or other such entities set up for the purpose is a prerequisite. The Inspectors found, however, that in the four cases reviewed, staff representatives were not brought in early enough, and staff was only informed after the offshoring decision had been made.

B. Business case for offshore service centres

Scope

32. In order to justify offshoring, and also illustrate the overall scope of an offshoring project, the development of a business case is a prerequisite. A compelling business case would facilitate the decision-making process, garner support for the project from the governing bodies, and also enhance the commitment of senior management. It should include a cost-benefit analysis, a statement of objectives, an appraisal of the impact on the organization and in particular on staff, the identification of services to be moved and their proposed locations, and a report on risk analysis and mitigating factors. The success of the offshoring depends heavily on a proper assessment of the risks. The business case should identify and assess all kinds of risks, including financial, operational and reputational risks and any adverse impact on the morale of the staff, and provide countermeasures to reduce these risks to a manageable and acceptable level.

33. In the development of a business case, organizations should adopt a consolidated approach in an effort to avoid any fragmentation that may arise when the various departments prepare separate submissions for offshoring. The case should consider all parts of the organization, both headquarters and field, as well as the delivery of both administrative services and substantive programmes.

34. For the business case, FAO undertook the analysis in-house, while UNHCR and WFP both engaged consultancy firms. WHO also used a consultancy firm in the process of selecting the location. The Inspectors found the scope and depth of analysis in the WFP business case comprehensive and analytical, and consider that this case would be a useful model for the development of business cases for offshoring in the future.[14] In this case, administrative services were classified and those that were transferable in the short and medium term were identified. Governance and organizational implications, target location and cost recovery were all analysed in detail. Implementation planning addressed timelines and risks, human resources-related issues, and communication. Some elements of this business case can be seen below in box 1.

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[12] The Conference authorized the establishment of the Shared Services Centre in resolution 6/2005.
[13] WFP/EB.2/2007/5-A/1, paras 13, 319 and 329.
[14] WFP, offshoring project, final documentation, March 2007.

Box 1: Some elements of the WFP business case

- Assumptions of the model, covering staff and non-staff costs and grades, efficiency effects, and investment cost were enumerated.
- Services were classified based on objective criteria as non-transferable, expertise-based and transactional
- The main governance processes and responsibility sharing were defined at the overall and process level.
- Major high-level risks (transitional, political and operational) were identified along with their probability and impact, and counter measures were proposed.
- A risk management process and a communication plan were elaborated.
- A detailed business model was provided for each service to be offshored, including timeline and milestones, major service-specific risks, and a financial summary that included net efficiency effects.

Justification: cost-effectiveness and efficiency

35. A detailed cost-benefit analysis that included expected cost-effectiveness and service improvements would provide the foundation of the business case. For justification, the business case should clearly demonstrate that it is significantly economical and at least equally efficient to offshore services. For this purpose, the business case should calculate thoroughly all cost elements, quantify net savings, and establish baseline and expected service efficiency indicators. It should demonstrate strategic and operational gains in the short, medium and longer term as well as long-term sustainability. In the offshoring cases reviewed, although benchmarks for service improvements were not determined, estimated cost savings were as follows:

- UNHCR: US$ 23.4 million for 5 years, and US$ 80.5 million for 10 years (Budapest)
- FAO: US$ 8 million for 4 years (Budapest)
- WFP: US$ 19 million for 6 years (India)
- WHO: US$ 51.7 million for 8 years (Kuala Lumpur) (includes savings from offshoring, consolidation of services and ERP implementation)

36. The main part of the savings envisaged comes from the substantial differences in the salaries of GS staff between headquarters and offshore locations. In the cases of UNHCR and WHO, recruitment of NPOs was another important factor in cost savings. The rent-free provision of premises provided additional cost savings.

37. In the estimation of cost, direct costs and indirect/overhead/hidden costs all need to be identified and included in the calculation. Costs should include, but not be limited to, separation packages, double incumbency during the transition period, overhead costs of new recruitment, coordination and communication, project management and travel, initial investment cost of premises, training and knowledge transfer, and other transition costs. In the cases reviewed there was a tendency to underestimate costs, and calculations were not clear enough. A true estimation of all costs would give both input to the cost-benefit analysis and also an indication of the funding required to undertake the offshoring project.

Identification of services for offshoring

38. By and large, the organizations determined similar administrative services for offshoring based on similar criteria. Two categories of services generally considered suitable for offshoring are the processing of routine administrative transactions, and help desk support services. In the case of WFP, administrative functions were classified as follows: non-transferable services which are location bound or strategically crucial to a specific location; expertise-based services which require specific knowledge but are not specific to a given location; and transactional services which are repetitive and do not require specific knowledge. In principle, the last two categories were considered as transferable. FAO identified selection criteria and services to be offshored as shown in table 1.15

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[15] CL 131/18 Add.1 p. 5, para. 17.

Table 1
FAO criteria and services identified for offshoring

Criteria for choosing administrative services for offshoring	The kinds of services which meet the criteria[16]
➢ High-volume ➢ Routine in nature ➢ Based on agreed and documented rules and standard procedures ➢ Individually of low strategic importance ➢ Location independent	➢ Human resources and payroll processing ➢ Travel advances and expenses claim processing ➢ Accounting journals and adjustments ➢ Letters of agreement processing ➢ Accounts payable processing and payments ➢ Routine procurement services ➢ Inventory records maintenance

Transfer of functions: fully versus partially

39. In general, it was acknowledged by managers that it would be more efficient to transfer business functions fully without breaking the integrity of the processes. However, this was not always the case in practice. For instance, UNHCR moved the whole of procurement to Budapest, but at WHO procurement was split between headquarters and the service centre in Kuala Lumpur. When a service function is split into more than one location, it can complicate the management and integration of the operation, and create coordination and accountability problems. The implementation of the recommendations below is expected to enhance efficiency.

Recommendation 1

The governing bodies of United Nations system organizations should request the executive heads, before offshoring services, to develop an offshoring policy which is based on the cost-benefit analysis of all sourcing options for the delivery of services and which is in alignment with the medium- to long-term corporate strategy of the organization. The policy should then be subject to the review and approval of the governing bodies. All inter-agency opportunities, including common/joint policy and project development, should be explored exhaustively before organization-based offshoring policies and projects are prepared. (See recommendations 16 and 18.)

Recommendation 2

The executive heads of United Nations system organizations should develop a comprehensive business case as the foundation for offshoring. It should include a cost-benefit analysis, major risks and countermeasures, and demonstrate a significant level of cost-effectiveness with increased or maintained service quality.

[16] Ibid.

C. Selecting the location for an offshore service centre

Selection criteria

40. Selection of the location must be based on objective criteria. The process must be transparent at each stage and free from undue political influence. The selection criteria most commonly used by the organizations fall broadly into the categories of staff costs, labour force characteristics, infrastructure, and country risk, while organization-specific factors are also taken into account.

WFP

41. The criteria applied in the WFP business case are shown in table 2 below. For each of the five criteria, 30 countries were assessed and ranked, and weightings were then applied to obtain an overall assessment and ranking.

Table 2
Criteria for WFP offshoring location assessment

Staff cost	United Nations salaries in countries used as approximation for staff cost Estimated growth in salaries taken into consideration in analysis
Labour force	Availability of qualified labour force in the country Labour market regulations Language skills of workforce
Country risk	Country risk assessment including several economic and political indicators • Voice and accountability • Political stability • Government effectiveness • Regulatory quality • Rule of law • Control of corruption
Country infrastructure	Infrastructure availability • Energy • Communication • Distribution Office rent
WFP specifics	Factors affecting offshore location special to WFP • Presence in country • Possibilities for funding

Source: WFP, offshoring project, final documentation, March 2007, slide 31.

42. The case study drew up a shortlist of offshore locations, with estimated cost savings, as shown in table 3 below.[17]

Table 3
WFP study: estimated accumulated savings, 2007–2012
(millions of United States dollars)

Philippines	20	**South Africa**	15
Malaysia	20	**Hungary**	14
India	19	**Czech Republic**	11

[17] WFP offshoring project, final documentation, March 2007, slide 34.

43. Taking into account other factors including the existence of a WFP country office in Delhi/India, the business case identified India as the preferred offshore location. However, contrary to the conclusions of the business case, management decided to transfer different services to different locations. In the first phase, the IT help desk, vendor management and travel were offshored to Delhi, whereas non-food procurement was offshored to Dubai. The second phase to offshore other services has been postponed because management decided to review the whole process and a new proposal for four service centres.

UNHCR

44. UNHCR used a set of core criteria for selecting an optimal location.[18] These were political stability indices, labour costs, skilled labour, location accessibility, infrastructure costs, logistical accessibility, language skills, connectivity, staff retention at the new location and UNHCR proximity distance. The location study was prepared for two sub-groups (the supply management service, and the finance and administration and human resources management divisions). The weighting, and thus the order of importance, of the core criteria differed between these two groups. The core criteria were further elaborated into separate sub-criteria (109 in total), which were used for the analysis.

45. Based on the initial UNHCR study and the experience of the consultants, 20 cities from 14 countries were chosen for location analysis. Although there were differences in the application of criteria for the two management groups, in the final analysis the optimal shortlisted cities were identical. According to the feasibility study, the shortlisted cities and estimated cost savings are as shown in table 4:

Table 4
UNHCR offshoring study: estimated cost savings
(millions of United States dollars)

	Bucharest	Budapest	Chennai	Kuala Lumpur
Total savings first 5 years	18.1	23.4	25.9	27.6
Total savings first 10 years	69.0	80.5	85.3	88.6
Yearly savings after year 5	10.1	11.3	11.8	12.1

Source: UNHCR outposting feasibility study, final report, 16 April 2007, p. 4.

46. The study did not identify a preferred final location for UNHCR offshoring, recognizing that the final choice depended on direct negotiations that the organization needed to conduct with the potential host governments of the shortlisted cities, which might result in further benefits such as financial incentives related to premises and other terms of the host country agreement. Officials stated that they also had to take into account another important factor for the selection, namely, whether or not the country had signed the Convention relating to the Status of Refugees. The final choice was Budapest. However, there was no documentation regarding the justification of the final decision.

FAO

47. For FAO, a critical factor in the location decision was the need to ensure full time-zone coverage across worldwide operations. Global operations were divided into three continental time zones with a service hub planned for each and a coordination centre at headquarters. It was decided to utilize existing regional offices in Santiago and Bangkok to service Central and South America, and Asia and the Pacific, respectively. The third hub, in the central time zone, serving headquarters, Europe (including central Asia), Africa and the Near East, would be the main offshore service centre in view of the substantial FAO operations in this time zone.

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[18] UNHCR outposting feasibility study, final report, 16 April 2007, p. 33.

48. Nine cities, in which FAO already had a regional presence, including Rome, were considered for this main hub, as well as a few other possible cities. A strong ICT infrastructure was a prerequisite for a suitable service hub in this zone. Other technical factors analysed were the alignment of the working week and working hours, especially with headquarters, travel links and level of security. The analysis resulted in a final shortlist of Budapest and Rome. Savings in staff costs by locating the service hub in Budapest rather than Rome were estimated at 66 per cent, and Budapest was chosen.

WHO

49. WHO first identified a number of potential locations for offshoring and applied a set of criteria to reach a shortlist for final selection. The main criteria and their weighting in the analysis are as follows:

- Financial structure (compensation costs/salary levels, infrastructure costs, costs of corruption) (40 per cent)
- Work force skill level and availability (experience and functional skills, labour force availability, education, languages and provision of important quality of life services) (40 per cent)
- Environment (country environment including political stability, country infrastructure/connectivity, accessibility/flight availabilities (20 per cent)

50. In addition, analysis took into account the availability of service coverage to WHO offices during normal working hours and the availability of a stable security level. WHO also considered the following options for locations: co-locating in an existing WHO office; co-locating in another United Nations family facility; or establishing a new location in a country where there is an existing host country agreement.

51. An initial analysis of locations resulted in the shortlisting of four cities: Chennai, Delhi, Kuala Lumpur and Manila. The Director-General convened a review panel, comprised of an external executive from another United Nations agency and senior WHO managers, who had hitherto not been directly involved in Global Management System/ERP or the preparatory work leading up to the decision to establish a service centre or its potential location. The mandate of the panel was to review the proposals received from the respective authorities, assess their relative value to WHO, and recommend to the Director-General the location that afforded the best value. In the end Kuala Lumpur was selected.

Documentation for the justification of final selection

52. In general there is a lack of documentation of the justification behind the final choice of location, and a lack of transparency in the decision-making process. The Inspectors would like to emphasize that the selection of an offshore location is a strategic decision for the operation of the organizations; therefore, appropriate care should be exercised to document the analysis of locations and negotiations with shortlisted countries, including their proposals. The executive heads should submit the analysis and their preference, along with the reasoning behind their choice, to the governing bodies for review.

Differences among the analyses of business cases

53. The accuracy of the analysis and detailed technical aspects of business cases were not part of this review. However, it was noticeable that there were some differences in criteria, their applications and calculations. Although the four offshoring cases reviewed were all developed within a close period, there are significant differences in their analyses and final decisions. For instance, although the UNHCR and WFP business cases were prepared at the same time (in 2007), they produced relatively different results in terms of the cost advantages of different locations. Organizations should coordinate their offshoring initiatives, including the preparation of business cases and sharing of their experiences, in order to have a consistent and coherent approach.

Single versus multiple offshore service centres

54. With regard to choosing one location for all services or different locations for different zones and/or services, there were different approaches. UNHCR chose to have one service centre, Budapest, for all

offshored services except telecom functions and the IT help desk. UNHCR already had the use of a rent-free warehouse in Dubai for emergency supplies, and in 2005, established a field telecommunications unit there for rapid deployment and better service, while maintaining a small headquarters unit. Before the major offshoring case, UNHCR had also set up a global service desk function in Kuala Lumpur to provide first-level IT support.

55. FAO chose to establish three offshore service centres in three different time zones; however, the Budapest centre would cover the majority of operations. WHO chose one location for all services. WHO estimated that if the service centre were based in more than one location, there would be a 25 per cent reduction in efficiency gains. WFP did not follow the conclusion reached by the business case for a single service centre but does not have any documented analysis and justification in this respect.

56. The Inspectors would like to point out that a single service centre for all services would create more efficiency, easy communication, and better integration in the application of services across the world. It would allow the achievement of economies of scale and consistency in application, and be less costly than multiple centres. The integrity of services is very important. When services are too widely dispersed, the system tends to become dysfunctional. Multiple centres would create communication difficulties, increase investment, maintenance and training costs, and pose a risk for the integration of services and accountability. Time zone differences should not be a significant problem; however, it is important that in the selection of the location, organizations should take into account the time zone that would offer the best coverage of the majority of operations. The implementation of the recommendation below is expected to improve efficiency.

Recommendation 3

The executive heads of United Nations system organizations considering establishing an offshore service centre should undertake a detailed analysis of alternative locations based on objective criteria, as part of the overall business case, and document the justification for their final preference. The analysis should be submitted to the governing bodies for their review.

D. Host country agreements

57. The establishment of an offshore service centre by a United Nations system organization can be mutually beneficial. This was recognized by the Secretary-General of the United Nations who noted that relocating activities to new workstations would spread the economic and employment benefits of those activities more equitably among Member States, while at the same time making the organizations more effective and efficient.[19] Countries also enjoy considerable prestige from hosting the offices of United Nations system organizations, and this may enhance their international political standing and bring additional economic benefits.

58. It is critical, however, to have a sound legal agreement with host countries for the secure, efficient and effective functioning of offshore service centres. A brief review of the host country agreements and conditions provided in three major offshoring cases (UNHCR, FAO and WHO), although showing many similarities, revealed noticeable differences. Even the agreements that were concluded with the same country (UNHCR and FAO) differed significantly. In addition, agreements had quite different structures and clauses for the same issues, and these differences may in turn lead to different legal interpretations.

59. There were significant differences regarding the provision of diplomatic privileges. In terms of the employment of spouses of international Professional staff, while the UNHCR agreement provides

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[19] A/60/692, para. 59.

opportunities not only for spouses but also their dependent relatives to work without a work permit, the WHO agreement covers only spouses and leaves their employment to the permission of the host government. While all international Professional officers of FAO benefit from tax exemptions and diplomatic car licence plates, in the same country only staff at P-5 level and above in UNHCR get these privileges. In the case of WHO, only the head of the service centre has diplomatic car license plate.

60. Only the FAO agreement has a clause to require that the Minimum Operational Security Standards (MOSS) are met by the government. All three organizations have rent-free premises inclusive of utilities and furnishings. However, the duration of the host country agreements is inconsistent; for FAO it is indefinite, for UNHCR 10 years and for WHO 15 years. Although agreements have clauses giving the option to renew, the initial optimal length of an agreement should have been considered.

61. The Inspectors are of the view that the agreement with the host country should not be a secondary element in the selection of an offshore location. Indeed, the location decision should be used as leverage by the organizations to obtain the best possible agreement with prospective host countries. To facilitate transparency and disseminate best practices, existing host country agreements should be deposited at the United Nations for easy access, so that organizations can take account of the financial incentives and privileges and immunities granted in similar agreements in the same country or other countries, with a view to obtaining an agreement that is at least as favourable.

62. Organizations should seek close cooperation in the preparation of these agreements and where more than one organization is negotiating with a prospective host country, it would be preferable to engage in joint negotiations. The relevant working groups of the CEB High-Level Committee on Management (CEB/HLCM) would be a good forum to share and discuss host country agreements, and also try to develop a model agreement for offshore centres. The implementation of the recommendation below is expected to enhance effectiveness.

Recommendation 4

The executive heads of United Nations system organizations should negotiate with the prospective host country governments with a view to obtaining an agreement for the offshore service centre that is at least as favourable as similar agreements elsewhere. To this effect, they should share and coordinate their host country agreements for offshore service centres.

E. Managing the impact of offshoring on staff: mitigation measures

Communication with staff

63. It is often stated that the staff are the most important asset of the United Nations system organizations. The accumulated knowledge and experience of the staff are essential elements in the success of an organization in fulfilling its mandate. Management of this asset must be undertaken in an exemplary manner by the organizations. In the context of offshoring, the management of human resources is particularly challenging, both for the organization, which stands to lose experienced staff, and for individual staff who face unwelcome change and the threat of job loss.

64. Communicating with the staff from the earliest possible moment is an essential part of managing the transition to offshoring. However, in the four cases reviewed, staff representatives were not involved in consultations at the initial planning stage, and were only briefed by management after the offshoring decision had been taken. Such lack of clear communication usually creates confusion, frustration and negative perceptions among staff. Staff representatives and some managers were of the view that initial communications with staff could have been handled better, and this was a lesson learned.

65. After some initial confusion, staff representatives were actively involved with management in redeployment exercises for those staff on indefinite/continuing and fixed-term contracts affected by the offshoring. In all cases, management froze vacant posts, sometimes before offshoring, with a view to using them for the redeployment of staff during offshoring.

Mitigating measures

66. Redeployment task forces operated in both WFP and FAO and most GS staff were redeployed, with only a few taking a voluntary separation package. The Inspectors were informed that no Professional staff left FAO as a result of the offshoring. In WFP, the situation was far from clear, however, as the offshoring coincided with a sharp downsizing brought about by the financial crisis and a delay in the offshoring process.

67. In WHO, staff representatives were fully engaged with human resources management in handling the impact of offshoring on the staff and considered it reasonably successful, both in terms of communication and collaboration, and the outcome for staff. To streamline the process, standing panels were set up and normal selection procedures were waived where staff were matched at grade to vacancies. Some staff chose separation by mutual agreement with a separation package. All affected staff either took the package or found a new position at or above their grade level.

68. In UNHCR, both management and staff representatives reported tensions in their collaboration in the initial stages of the transition to offshoring, but a generous separation package helped to resolve problems and ease the process. During a recruitment freeze, some affected GS staff were redeployed to vacant posts in headquarters and some senior GS staff went on short-term assignments to Budapest on Field Service posts to train newly recruited staff, but no GS staff agreed to take GS positions in the new location. Affected Professional staff sought new posts through the normal rotation process. Staff were also provided with the opportunity to apply for vacancies in other organizations as internal candidates on an exceptional basis.

69. All the organizations endeavoured to avoid involuntary separations by introducing redeployment within headquarters, by offering the possibility to transfer to the new location, or by providing voluntary separation packages. The majority of affected staff were settled in this way, however in WFP some fixed-term contracts were not renewed during the offshoring and downsizing processes. Some officials pointed out that redeployment might not be optimal in terms of efficiency, as skills could not always be matched to available posts; this was also demotivating for staff. Furthermore, redeployment was particularly difficult when the relevant occupational groups had been eliminated from the headquarters location owing to offshoring.

70. For some staff, a voluntary separation package was a better option than redeployment, particularly for those closer to retirement. The terms offered varied among the organizations, with UNHCR being the most generous. In the first phase, in effect until the end of June 2008, UNHCR staff affected by the offshoring were offered the standard termination entitlement plus an additional 50 per cent and a training allowance of 1.5 months. In the second phase, which took effect in August 2008 and was offered to all staff, the package was more generous. A list of the UNHCR second package including redeployment measures can be seen in box 2 below.

Box 2
UNHCR: Mitigation measures for staff

For staff redeployment

- Priority consideration for vacant GS posts at headquarters
- Re-employment opportunities
- Facilitated movement of GS staff into Professional category
- Guarantee of local recruitment in Budapest for GS staff
- Opportunity to apply for vacant positions in other United Nations organizations as internal candidates

Voluntary separation package[20]

- Termination indemnities plus the discretionary percentage (50 per cent)
- Financial assistance for training – a lump sum amount equivalent to 3 months' salary
- The full contribution of the organization to the pension fund and medical insurance schemes for staff members in situations where they are some years short of the early or mandatory retirement age
- Continuation of education grant for an additional academic year

Funding of measures

71. Funding of the separation packages differed among the organizations. In WFP, the funding was earmarked by the governing body, but in FAO it had to be taken from the existing budget. WHO used funds in its termination indemnity account, which it was subsequently able to replace with a donation from a Member State. Similarly, donations from Member States helped to fund the UNHCR package.

72. The Inspectors believe that in the context of the United Nations common system for salaries, allowances and benefits, the disparities in the separation packages among the organizations are a matter of concern. The reason for the disparities, in general, is explained by the budget available. In a major offshoring exercise that would have a drastic impact on staff, it is advisable that organizations should seek additional funding for relatively generous separation packages, with the justification of long-term substantial savings resulting from offshoring. Therefore, the Inspectors are of the view that governing bodies should provide earmarked funding for separation packages linked to offshoring to avoid funds being diverted from substantive activities. The costs of these packages should be reflected in the cost-benefit analysis of the offshoring. The implementation of the recommendations below is expected to improve effectiveness.

Recommendation 5

The executive heads of United Nations system organizations should take all necessary measures to mitigate the impact of offshoring on the staff, and ensure that the full costs of those measures are reflected in the analysis of the overall costs of offshoring.

Recommendation 6

The executive heads of United Nations system organizations should seek from governing bodies adequate earmarked funding for voluntary separation packages linked to offshoring.

[20] UNHCR inter-office memorandum no. 63/2008, 18/08/2008.

F. Employment of National Professional Officers in offshore service centres

73. Both UNHCR and WHO have created NPO posts in their offshore service centres. NPO posts had also been foreseen in the WFP offshoring case. FAO is an exception in this regard. The offshore service centre staff structures of UNHCR, FAO and WHO can be seen in table 5 below.

Table 5
Offshore service centre staff structure

	Director	Professional	National Professional Officer	General Service	Field Service
UNHCR	2	56	25	106	5
FAO	0	9	0	86	0
WHO	1	26	31	133	0

74. The Inspectors have concluded that the employment of NPOs has been an important element in achieving the cost savings that have been the main driver for offshoring by the organizations. Part of the business case of WHO, for example, stated that the NPO cost in Kuala Lumpur was one quarter of the cost of a P-3 in Geneva.[21] As can be seen in table 5 above, more than half of the Professional-level work in the WHO service centre and thirty per cent in the UNHCR service centre are being undertaken by NPOs, with considerable cost savings to the organizations.

75. The Inspectors are concerned, however, that the organizations are not in conformity with the criteria for NPO employment, as proposed by the International Civil Service Commission (ICSC)[22] and enacted by the General Assembly in resolution 49/223. Although the criteria have been revised over the years, their main character has stayed the same. According to the criteria, NPOs should be recruited locally to perform the duties of Professional staff that require knowledge and experience at the national level and which cannot be carried out as effectively by internationally recruited staff. The work performed by NPOs should have a national content.[23] The functions involved are expected to be in the areas of national development assistance and public information. Selected criteria that are pertinent to these concerns are listed in box 3 below.

Box 3
Criteria for the employment of NPOs

- The employment of NPOs by a given common system organization should be grounded in a policy framework established by that organization's legislative body…
- NPOs should be nationals of the country where they are to serve, should be recruited locally and should not be subject to assignment to any duty station outside the home country.
- The work performed by NPOs should have a national content. It should be at the Professional level, and the same standards of recruitment qualifications and performance as are required for other Professional staff should apply. The functions of all NPO posts should be justified within the overall efforts of the United Nations system to increase national development and other related categories. NPOs should bring to bear in the job national experience and knowledge of local culture, language traditions and institutions.

Source: Report of the ICSC for the year 2006, A/61/30, annex IX, paras. 1, 2 and 3.

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[21] WHO Global Service Centre, presentation to HLCM-FB, July 2008.
[22] A/49/30, annex VI.
[23] Report of the International Civil Service Commission for the year 2006, A/61/30, annex IX, para. 3.

76. In the offshore centres of UNHCR and WHO, contrary to the criteria, NPOs have been employed to perform administrative support services such as finance, human resources and payroll administration that have no national content and no direct link to national development. For the most part, managers were candid in acknowledging that the use of NPOs in the offshore service centres was not in line with ICSC criteria. However, they expressed the view that the ICSC criteria needed to be revised to reflect current realities.

77. WHO officials argued that cost-efficiency was only part of the rationale behind the use of NPOs. The most important element was the specialized nature of the work. Processing transactions would be unique to the ERP system, and that type of work would not be undertaken elsewhere in the organization. Although Professional-level work, it would be site-specific to Kuala Lumpur. Therefore, to assign the functions to international Professional staff did not make sense in career development terms.

78. The arguments mentioned above fall short of explaining the significant level of NPO recruitment for administrative services. These functions are not country specific and do not have national content. Most of these functions were previously carried out at headquarters before being moved to an offshore service centre. If the organizations should decide to change location again, the same functions would have to be carried out in the new location. It is therefore recommended that WHO and UNHCR should review and adjust their NPO employment practices in offshore service centres with a view to ensuring compliance with the relevant General Assembly resolution and ICSC guidelines to preserve the international character and the independence of the international civil service. If there is a need for a new post structure or grade level for some technical jobs due to new technologies and corresponding new job descriptions, organizations should consult with ICSC.

79. The current practice of NPO employment in the offshore service centres risks undermining the universal/international character of the organizations that stems from the Charter of the United Nations. In addition, it would also undermine the staff mobility and rotation policies of the organizations. As required by the criteria, the employment of NPOs should be grounded in a policy framework established by the organizations' legislative/governing bodies.[24] Therefore the governing bodies should exercise their oversight role to ensure the maintenance of the international character of the organizations. To this effect, the executive heads should report on the staff structure of offshore service centres to the governing bodies on a regular basis. The implementation of the recommendation below is expected to improve controls and compliance.

Recommendation 7

The governing bodies of United Nations system organizations should request the executive heads to maintain the international character of the organizations in staffing offshore service centres.

[24] Ibid, para. 1.

IV. PLANNING AND MANAGING THE OFFSHORING PROCESS

A. Change management and corporate communication strategy

80. Establishing offshore service centres drastically affects the structure, culture, human resources and way of working in the organizations. Mere talk of offshoring automatically triggers fear of an unknown future, fear of losing jobs and control in the organizations. This situation may naturally lead to resistance to change in different layers of the organization that could pose a risk for the successful implementation of an offshoring operation.

81. In a shared service benchmark study,[25] two top critical success factors for implementing a shared service centre were found to be executive support (32 per cent) and change management (26 per cent). "A true change management plan will conduct an in-depth cultural assessment, detailed transition planning and recognize the need for constant communication."[26] Change management needs readiness assessment,[27] that is, the assessment of an organization's ability to change at all levels. It should include a vision of change and strategy, leadership development, the building of commitment with all stakeholders and affected parties, and any necessary mitigating measures for those staff affected.

82. While a change management strategy is essential to ensure that changes are fully implemented and supported across the organization, an effective communication strategy is critical in providing transparency and justification for the process, and communicating the vision for change. A clear communications strategy targeted at the stakeholders, in particular staff, executive management and end users, is a prerequisite for any successful structural change, and should be an integral part of the organization's offshoring strategy. It should include the justification to resort to offshoring, main objectives, expected changes and their implications, mitigating measures, and clear scope and timelines.

83. In the offshoring cases reviewed, change management and communication with stakeholders were addressed to some extent. However, both were implemented rather late to deal with the issues, as well as in a relatively fragmented and ad hoc manner. The implementation of the recommendation below is expected to enhance effectiveness.

Recommendation 8

The executive heads of United Nations system organizations should prepare change management and corporate communication strategies for the success of offshoring projects.

B. Project management approach

84. In order to successfully establish an offshore service centre, it is crucial to have dynamic leadership at the top and to create ownership among critical management levels. Ownership does not mean mere acceptance of the change, but willingness to take responsibility for making changes. This process requires strong, visionary leadership at the top and the involvement of managers in identifying problems and providing solutions.

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[25] Shared service: a Benchmark study (authored by Kristin Purtell), Arthur D. Little, The Johnson Group, p. 2.
[26] Ibid., p. 4.
[27] UNHCR outposting feasibility study, final report, 16 April 2007, p. 29.

Managers should understand and embrace the proposed changes, work together and speak with one voice towards change. It is good practice to assign a top-level manager with full authority for the execution of the project. In addition, since offshoring projects are cross-departmental in nature, it is better to establish a cross-departmental steering committee to oversee the project progress and address problems as they arise.

85. One of the problems reported during interviews was the lack of dedicated project management staff, so that managers in the functional areas concerned were obliged to take on additional responsibilities and workloads. A dedicated management team would facilitate successful implementation, particularly in offshoring cases of a significant size and scope. If it is not possible to have a fully dedicated team, there should be at least a few dedicated core members to pursue issues, coordinate and monitor implementation. The Inspectors found that the organizations set up project management structures to some extent, but most did not have the funding for dedicated project management teams. The cost of project management, including dedicated team members, should be included in the upfront investment cost of offshoring.

86. In UNHCR, the Deputy High Commissioner was provided with full authority to carry out offshoring. He led a task force comprising all the managers in the administrative and other divisions concerned, and a change management team acted as secretariat for the task force. In FAO, the administrative and finance department team managed the implementation. In WHO, a steering committee comprising an Assistant Director-General and a wide range of relevant officials, including the general management group, oversaw the process. In WFP, the Field Emergency and Support Office was the department responsible for offshoring; there was also a steering committee. The offshoring exercise at WFP stalled after the first phase, and there has been prolonged uncertainty regarding the fate of the offshoring. Turnover in the key positions was one of the important factors in the uncertainty, which has led to a lack of ownership of the project at the top level.

87. A comprehensive project plan, with a clear road map and timeline, is essential to the success of a project. A project governance structure must be put in place with clearly defined roles and responsibilities, and effective communication and reporting lines should be established in detail. Lack of clarity in communication and reporting lines among the various actors blurs accountability with a concomitant increase in risk. The implementation of the following recommendation is expected to enhance effectiveness.

Recommendation 9

The executive heads of United Nations system organizations should create effective project management teams with strong leadership at the top and prepare detailed project plans for setting up offshore service centres.

C. Managing the transition

Enterprise resource planning

88. The key to successful offshoring is seamless integration, and technological developments play a crucial role in this respect. The implementation of an ERP system has been the major enabling factor for the offshoring of business processes by the organizations. FAO, for example, noted that the new ERP systems "facilitate a new business model where the processor no longer has to be geographically close to the decision maker for efficient operations – the transaction, routed electronically, can just as easily be processed from any

location. Consequently, the introduction of these ERP systems has allowed the Organization to look at low-cost processing centres as part of its drive for increasing efficiency and lowering administrative costs".[28]

89. The implementation of ERP systems in UNHCR, FAO and WHO has made it easy to consolidate and transfer services to remote offshore centres. However, there were different approaches with respect to the sequence of ERP introduction and offshoring, with implications on the risk level posed to organizations. This situation will be reviewed further in the sections below.

Phased versus Big Bang approach: combination of offshoring with the roll-out of ERP

90. It is critical to carefully assess and take into account possible risks when deciding about the method of transferring business functions to offshore service centres. The methods in this area can be summarized as Phased and Big Bang approaches. In the phased approach, business processes are transferred and begin operations in a gradual and sequential manner. This approach reduces risk by providing the opportunity to establish initial success and experience with functions that are not critical, facilitating the transfer of critical functions at later stages with less risk.

91. In the Big Bang approach, business functions are transferred together and start to operate at the same time. This approach carries a significant level of risk for the proper functioning of operations owing to the magnitude of the tasks to be undertaken at the same time, in particular if it is done with newly recruited staff. However, this approach is considered less costly in comparison to a phased approach because of its shorter completion period, requiring only one training and one set-up of the system.

92. UNHCR, WFP and FAO chose a phased approach to offshore their business processes. For instance, UNHCR, in the transfer of the human resources function, progressed from non-critical to critical ones. The personnel administration unit was transferred first, then the compensation unit, and finally the payroll unit. Payroll was operated and stabilized with the new ERP system at headquarters for one year before moving it to the offshore centre. WFP envisaged a three-year phased implementation in the period 2006–2009, with non-critical processes transferred in the first phase, and more critical processes planned for the second. In the first phase WFP offshored IT help desk, non-food procurement, vendor management and travel. In the second phase WFP planned to offshore human resource management and finance, however the second phase has been delayed to date.

93. In the case of FAO, all human resources servicing, travel and help desk functions were progressively moved from headquarters in the first half of 2008. In the second half, it was planned that accounts payable, invoice processing and vendor management were to be moved.[29] FAO adopted a phased approach for three main reasons: systems and process constraints, infrastructure and training needs, and the need to minimize adverse impact on staff.[30]

94. Although phasing can be considered a good risk management approach, organizations may consider taking the Big Bang approach. If that should be the case, based on previous experience and lessons learned elsewhere, they should make comprehensive plans and risk assessments, and prepare any necessary mitigating measures, including contingency plans for worst-case scenarios.

95. Another question regarding the transfer of functions is whether business processes should be re-engineered before offshoring. Clearly, organizations should streamline and convert their business transactions to electronic format as much as possible and create an electronic documentation system. In terms of re-engineering, it would be highly preferable if processes were re-engineered and operations were stabilized before going live in the offshore location. However, if the processes are re-engineered in the course of

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[28] CL 131/18 Add. 1, para. 16.
[29] FC 123/16, p. 1,para. 1 and 7.
[30] CL 131/18, paras. 92-106.

offshoring, and start operating at the same time as the opening of the offshore service centre, it can pose risks and create many problems due to the lack of stability in the systems at the start-up. The simultaneous launch of offshoring with an ERP system, as in the case of WHO which is discussed below, illustrates the risks inherent in this approach.

96. If the Big Bang approach includes the introduction of a new system, the risk will be higher because problems with both offshoring and the new system might occur at once. In addition, implementing a new system with newly recruited inexperienced staff may further aggravate transition problems. ERP systems require organizations to streamline and/or re-engineer business processes and convert large quantities of administrative records from the old to the new system. The system migration from old systems is complex and challenging, particularly where the organization has a large field presence. Experience has shown that the testing, system migration and stabilization of the ERP system needs to be completed before moving business processes offshore. FAO and UNHCR took this approach; thus, when their offshore centres started operating, they had fewer problems regarding the functioning of the ERP system.

WHO case: lessons learned

97. WHO decided on the Big Bang option, and rolled out the ERP and offshore centre operation for headquarters and the Western Pacific region at the same time on 1 July 2008, in Kuala Lumpur. The simultaneous launch of offshore operations and ERP was truly a Big Bang approach with high risk.

98. The external auditor, in his report from May 2008, documented very well the problems in the offshore service centre before it went live.[31] The audit findings included lack of user testing for system solutions; lack of parallel runs for modules; lack of tests for end-to-end scenarios; lack of capacity-planning tests; lack of a documented training needs analysis and a formalized knowledge transfer plan; persisted problems in data conversion; and lack of formal data integrity testing and a formal information security management system. Based on these findings, the external auditor made a number of recommendations, including full testing to confirm the stability of the system before the offshore centre is allowed to go live.

99. The review by Inspectors revealed that WHO encountered serious problems and challenges with the concurrent launch of offshore operations with ERP roll-out, which adversely affected the efficiency and effectiveness of the services delivered. There were also problems in the adequacy of bandwidth. Staff had enormous problems in processing transactions and hence transactions were severely delayed. The management of the service centre summarized the problems, both in interviews and in its report, as follows:[32]

- Unstable systems
- System bugs in all functional areas (payroll, human resources, procurement and accounts payable)
- Legacy data conversion problems
- Lack of adequate knowledge transfer and training in some areas
- Lack of knowledge of business processes among staff members, most of whom were newly recruited.

100. Planning, risk assessment, and estimation of the magnitude of the issues and risk mitigation factors were inadequate. The system had not been stabilized, business processes were immature, and testing was insufficient. Overall, the centre was not ready to go live on the date it went live. The Inspectors recognize that there was an enormous effort by the management and staff of the offshore centre to improve the situation. Some officials reflected that the effort they had to put in during transition had been like fire-fighting. Although the situation has improved significantly over the months since the centre went live, it is still in transition mode. The system is not yet fully stable and there are still problems and delays in the transactions.

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[31] Report of the External Auditor to the Health Assembly, WHO, A61/23, paras. 79-123.
[32] WHO, Global Service Centre report, 2008.

101. In order to expedite the improvement process, WHO management should take stock of the issues in a consolidated manner, and make an assessment of the current situation and problems objectively and transparently, with a view to defining the problems and providing solutions with a timetable for their implementation. Management may also consider using independent outside expertise for this purpose.

102. The findings of WHO management,[33] and interviews by the Inspectors with officials, confirmed that the following actions, gleaned from lessons learned, should be taken before allowing an offshore service centre to go live:

- Ensure the stability and predictability of ERP in all key functions
- Ensure adequate end-to-end testing and training for all users
- Ensure adequate staffing in both number and competencies for functions
- Ensure upfront knowledge transfer and enhanced training to offshore centre staff
- Ensure that old data are cleaned and converted into the new system
- Validate, possibly with the help of independent experts, the readiness of the system and service centre to go live

The implementation of the following recommendation is expected to improve efficiency.

Recommendation 10

The executive heads of United Nations system organizations should ensure the readiness of the enterprise resource planning system and the offshore service centre before going live. To this effect, appropriate tests should be done; and adequate staffing, infrastructural capacity, and enhanced training should be provided.

D. Governance

103. Two different models have emerged in the governance of the offshore centres in the United Nations system. While the offshore service centres of UNHCR and FAO are treated as an extension of headquarters, in WHO the centre is operationally independent (stand-alone) from the management structure of the headquarters and regional and country offices.

104. In UNHCR and FAO, the heads of functions have remained at headquarters and the functional lines of authority remain as before the offshoring. In this model, accountability still remains at headquarters. Heads of functions at headquarters exercise their responsibility and oversight through electronic work processes, e-mails, memorandums and letters, phone calls and teleconferences. Service units in the offshore centres, while functionally continuing to report directly to the heads at headquarters, administratively report to the head of the offshore centre. The head of the offshore centre does not have functional authority and accountability for services and staff, but is responsible for administrative duties such as representation, the maintenance of the centre, and monitoring of leave and absences.

105. UNHCR, in order to facilitate the transition process to the offshore centre, appointed a director dedicated to the service centre for one year. Following the transition period, the head of the Global Learning Centre (D-1 level) was assigned as head of the centre. The Global Learning Centre and Supply Management Service are the functions fully relocated to the offshore centre. In FAO, the head of the offshore centre (D-1 level), who oversees service centre operations in three time zones, has remained in Rome, while a member of staff at P-5

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[33] Ibid., p. 29.

level heads the main offshore centre at Budapest. In the case of WHO, management established a stand-alone offshore service centre headed by a director (D-2 level) dedicated solely to it. WHO management established the following principles for the functioning of the centre:

- Combined ownership among regions, countries and headquarters for the centre
- Operational independence and accountability
- Management of centre with clearly defined service level agreements
- Full transparency in costs, resources and performance of the centre

106. In WHO, while policy development remains in headquarters, the implementation of functions has become the responsibility of the head of the service centre. In this model, service units report both administratively and functionally to the head of the service centre. Thus, accountability of delivery and quality of services belong to the service centre and to its head as the official responsible. The head of the centre functionally reports to the Assistant Director-General of the General Management Group on the performance and deliverables of the service centre. However, the service centre is included as a standing item in the meetings of directors, the administration and the finance network for continuing consideration on issues relating to the centre.

107. As the service centre models mature over the years, their relative advantages and disadvantages will become clear. However, where functional heads remain in headquarters, dual reporting lines arise. This poses a risk of disconnection between the functional head and the staff he/she has to supervise. This situation could complicate the management, coordination and integration of service delivery, which would pose a risk for the efficiency and accountability of operations. The Inspectors are of the view that when the offshore centre includes a significant number of business functions and a high volume of transactions (call it a "critical mass"), it would be more beneficial to have a stand-alone service centre with the full delegation of functions. This would enable the head of the centre and heads of functions in the centre to remain abreast of emerging issues and respond quickly and in close coordination.

108. The establishment of service level agreements (SLAs) between service centres and service users, including headquarter units and offices, is an important element in the governance process. SLAs should be developed to clarify lines of responsibility, authority and accountability; create a common understanding of service needs; and provide a framework for measuring and improving service delivery performance. Unfortunately, among organizations it is only WHO that has made progress in establishing SLAs for the operation of its offshore centre.

109. Irrespective of the service centre model that organizations adopt, the most important thing is the establishment of a sound and documented accountability framework, including clear delegation of authority, effective monitoring and reporting. Although the organizations have in practice more-or-less established lines of authority and reporting, there is a need for further elaboration and documentation of the accountability framework, including clear responsibility and accountability for the delivery and quality of services, as well as performance evaluation and monitoring. It should be integrated into the administrative instruments and individual delegation orders, and strengthened with clear functional SLAs. The implementation of the following recommendation is expected to enhance effectiveness.

Recommendation 11

The executive heads of United Nations system organizations should ensure that the accountability framework is carefully assessed and established for the offshore service centres, including the development of service level agreements and clearly defined delegation of authority, and that these are integrated into the administrative policy instruments.

E. Recruitment of local staff, training and knowledge transfer

Recruitment

110. The need to recruit a large number of local staff for the start-up of the offshore service centres is a major exercise. UNHCR and WHO each used a local recruitment firm for part of the process, such as initial advertising and pre-screening of candidates, while FAO handled the whole process in-house. WHO officials stated that the employment of a firm was successful for finding a significant number of suitable staff within a short time.

111. UNHCR and FAO reported unforeseen difficulties relating to recruitment in the local labour market in Budapest, including differences in pay scales, entitlements and career prospects compared with the private sector. Both organizations also found it necessary to recruit graduates to GS posts to ensure the required language skills. This was an issue for UNHCR, since there was then no distinction between local GS and NPO staff in terms of qualifications. In the case of FAO, recruitment was initially very slow because of high-level competition in the market. In general FAO proposed lower grades than UNHCR for the same jobs. In total, more than 20 candidates declined the FAO offer of appointment and one resigned after a few weeks. There was relief when in May 2008 the ICSC approved an increase of 25 per cent to the local GS salary scale.[34]

Knowledge transfer

112. In general, institutional knowledge tends to be concentrated in staff, but not adequately documented in the organizations. Therefore, it is important to fully capture and document the required organizational knowledge in order to secure proper knowledge transfer for successful offshoring. In the case that there is a restructuring of processes or ERP roll-out assisted by a private company, it is vital to ensure proper knowledge transfer from the company to the relevant business units of the organization.

113. Offshoring requires concentrated training efforts to transfer large amounts of knowledge in a short period of time. In many instances, headquarters staff whose posts were being relocated were requested to provide training to the new incumbents. The willingness of the affected staff to train their successors, often in difficult personal circumstances, was a key element in the success of the relocation to offshore service centres in all the organizations. Sometimes it is useful to ensure knowledge transfer through work shadowing in critical services during the transition period. In UNHCR, for example, NPOs shadowed three Professional staff members in finance functions who had moved to Budapest on a temporary basis for one or two years.

114. During interviews, it was often stated that issues arose among help desks, business owners and system integrators with respect to ownership of problems. In general, IT departments were involved late in the cycle of the offshoring project and implementation of system solutions owing to their daily workload. This caused problems later on when the IT departments had to take over relevant functions in the new system. These issues should be addressed properly in the planning and operation of offshoring projects.

Training

115. Adequate and timely training to ensure optimal knowledge transfer was one of the most frequently cited lessons learned from the offshoring experience. All the organizations considered that there should have been more training. UNHCR and FAO phased the transition and undertook at least some training in advance, followed by intensive on-the-job training. FAO sent trainers to Budapest for limited periods because of funding constraints, but this resulted in fragmented training. It was considered very important for recruitment and training to be undertaken in advance, and that the necessary funding should be made available.

116. In WHO, owing to the simultaneous launch of ERP and the offshore service centre, training needs were more complex and imperative. During the transition, key personnel who had been expected to interface between the organization and system integrator (a private company), and to address any problems that arose

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[34] FC 123/16, p. 3, para. 12.

with their accumulated knowledge, either left the organization or redeployed to other functions in headquarters. Newly recruited staff in the offshore centre lacked the experience with and knowledge of the organization's rules and procedures and the way the old system worked. They were trained to use a new system, which had not been properly tested and stabilized.

117. When problems arose, there was often confusion about whom to ask or where to attribute the problems, such as whether it was a system or IT problem, or stemmed from a lack of knowledge. The newly recruited staff were not sufficiently trained in all application scenarios of functions, including parallel runs. Lack of training and experience meant that the service centre staff were not fully in command of workflow processes in the early months of operation. When this situation was compounded with the lack of stability in the system, it resulted in considerable dissatisfaction with the services provided. It is apparent that such a complex and simultaneous undertaking did not work well.

118. Before offshoring, a formal training plan should be established based on the analysis and identification of needs, which should include skills requirements and skills gap analysis. Training should cover not only administrative staff, but also end-users and all other staff who would be affected by the new system and processes. There should also be easy-to-use and accessible electronic and paper manuals covering every area. The implementation of the following recommendation is expected to enhance efficiency.

Recommendation 12

The executive heads of United Nations system organizations should have in place effective knowledge transfer and training plans to facilitate the transition to offshore service centres. Training plans should be based on the assessment and identification of training needs.

F. Security, business continuity and disaster recovery planning

119. The security of the staff and facilities of the organizations in offshore locations is an issue that requires the utmost attention. During interviews, managers stated that basic security was in place; however, there was not much evidence or documentation for the full implementation of MOSS. Usually, funding shortages pose obstacles for its full implementation.

120. Business continuity and disaster recovery plans including an exit strategy must be ready before the offshore centres go live. There should be contingency plans against worst-case scenarios, like failure of operations at the start up. Except in WHO, there was little evidence for a formal documented business continuity and disaster recovery plan before the offshore centres went live.

121. Considering the high volume and critical information flow through offshore service centres, there is a need for an information security policy and a security management system to protect information and information systems from unauthorized access, disclosure, disruption, modification and destruction. The cost of security, business continuity and disaster recovery arrangements should be included in the cost-benefit analysis and funding requirements of offshoring. The implementation of the following recommendation is expected to enhance efficiency.

Recommendation 13

The executive heads of United Nations system organizations should ensure that adequate security for staff and facilities is provided; information security is ensured; and business continuity and disaster recovery planning, including an exit strategy, is prepared for offshore service centres before going live.

V. MONITORING AND REPORTING

122. Performance monitoring and reporting is critical in offshore service centres in order to measure the progress towards cost saving and improved efficiency, the two reasons that were used to justify such a major organizational change. Effective monitoring requires the establishment of baseline and performance indicators to provide benchmarks against which performance can be measured.

Quality of services

123. In the offshoring cases reviewed, organizations all aimed to improve services. However, none of the organizations had established and documented the baseline service quality indicators of existing services before offshoring. No report has yet been prepared to demonstrate the progress in the quality of services and satisfaction of clients with respect to previous periods.

124. As an integral part of the performance monitoring system for offshoring, organizations should set up SLAs for each service provided, setting out performance indicators and targets and incorporating quality aspects before offshoring. In addition, surveys should be used to assess the change in the level of satisfaction with services. Among organizations, only WHO had a formal SLA before the launch of the offshore service centre. However, it was not being implemented as of early 2009, because of the ongoing need to stabilize the system.

Cost savings

125. Organizations cited cost saving as the main justification for establishing offshore centres. However, none of them have measured and reported the progress on cost savings so far. The Inspectors noticed that there were unforeseen cost elements to the offshoring exercises, which might have increased costs above the initial estimation. Due to unexpected circumstances like the need for trouble shooting and further coordination and training, travel and other overhead costs seem to be on the rise.

126. There is also a tendency in practice to recruit more staff than initially planned. Organizations do not clearly track and document changes in the staffing situation owing to offshoring, such as separation, recruitment and redeployment, in a comparative manner. This situation is not conducive to establishing the overall impact of offshoring on staffing numbers and cost. In addition, redeployment exercises increase overall costs by reducing vacancy rates.

127. Some officials raised doubts about the realization of any cost savings. Other officials stated that it was difficult to measure cost savings, because offshoring had coincided with other structural changes such as the consolidation of services, ERP roll-out and expansion of services. These conditions may indeed make the calculation difficult, but not impossible. The majority of officials acknowledged the need for measuring and periodically reporting on cost savings to demonstrate progress, and to monitor and control costs, but they stated that it was too early to report because offshoring was still at an early stage. However, management has neither established any methodology and mechanism, nor assigned this responsibility, to any unit within the organizations.

128. The Inspectors stress that in the absence of monitoring and reporting for the accomplishment of objectives, the benefit and/or value added of offshore service centres would remain in question. Therefore appropriate monitoring mechanisms should be established; and there should be periodic reporting about cost savings, service quality and operational performance of offshore centres, internally to senior management and externally to governing bodies.

Oversight role of governing bodies

129. In view of the strategic policy implications of offshoring, it is imperative that the governing bodies of the organizations should exercise their oversight role. The implementation of offshoring policy and progress in the achievement of its objectives should be included in the agenda items of governing body meetings. To this effect, executive heads should report regularly on these activities. Organizations should also conduct periodic evaluations of offshore centres and report the results to their governing bodies. The implementation of the following recommendations is expected to enhance efficiency.

Recommendation 14

The executive heads of United Nations system organizations should establish regular monitoring and reporting mechanisms for offshore service centres, to demonstrate progress made in the achievement of objectives, including cost savings and improved service quality. There should be periodic reporting thereon, internally to senior management and externally to governing bodies.

Recommendation 15

The governing bodies of United Nations system organizations should exercise their oversight role in offshoring activities, including the implementation of policies, performance evaluation, and assessment of progress in achieving the objectives.

VI. INTER-AGENCY COOPERATION

130. United Nations system organizations should identify, document and share lessons learned from ongoing offshoring exercises. Any organization that is considering offshoring should learn from the experience of other organizations and explore all possibilities, including insourcing to the existing offshore centres of other organizations. This may be an effective solution where the offshoring of a single service is being planned. In particular, relatively small organizations, and organizations which are considering offshoring individual business functions, should insource to existing offshore centres instead of establishing another offshore centre.

131. There has been a piecemeal, ad hoc and disconnected approach to offshoring activities in the United Nations system, as seen in annex I of this report. The Inspectors would like to stress that a system-wide offshoring strategy, including the establishment of inter-agency offshore shared service centres, would yield greater strategic and operational benefits. In 2007, the HLCM of the CEB put forward a plan of action for the harmonization and reform of business practices in the United Nations system.[35] Among the common services initiatives there was a proposal to consider the feasibility of, and develop a business case for, the establishment of regional inter-agency shared service centres, based in lower-cost locations. Potential benefits were identified as follows:[36]

- Major efficiency gains compared to current individual agency-based services
- Driver for greater harmonization of business practices
- A valid and economic basis for the provision of inter-agency administrative services in general
- Valuable option for the provision of administrative services to One United Nations country offices

132. The HLCM paper notes that many organizations are actively seeking to reduce the unit costs of administrative services by relocating these to lower-cost countries. It points out that the individual agency approach to offshoring of administrative services fails to recognize the potentially greater economies that might be achieved by offering these services on an inter-agency basis.[37] In September 2008, HLCM issued a funding proposal for a feasibility study on inter-agency shared service centres.[38]

133. The Inspectors raised the issue of inter-agency shared service centres during the interviews for this report. While the concept received the support, in principle, of many managers as a means to gain cost-efficiencies, several issues were raised, including:

- Considerable differences of detail in the administrative rules and regulations among organizations
- Differences in ICT platforms and management information systems
- Reluctance to relinquish control, particularly with regard to quality of services

134. Notwithstanding these obstacles, inter-agency cooperation and harmonization initiatives, coupled with technological developments, can and should overcome these problems. Delivering as One, as a United Nations strategy, should be applied where economically feasible. Currently in the United Nations system, a number of harmonization initiatives are taking place in administrative areas such as financial regulations, accountancy, ERP and procurement. These initiatives would enable, and should result in, increased inter-agency cooperation in the delivery of administrative services.

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[35] CEB/2007/HLCM/16 and CEB/2007/HLCM/16/Add.1.
[36] CEB/2007/HLCM/16/Add.1, p. 56, para. 1.
[37] Ibid., para. 4.
[38] CEB/2008/HLCM/10, p. 32.

135. The Inspectors are of the view that it is possible to establish inter-agency shared service centres, which would benefit from greater economies of scale with higher business volumes, and result in larger cost savings. Where organizations have established separate offshore centres, particularly in the same location, as have UNHCR and FAO in Budapest, the potential cost-efficiencies through joint action, including the establishment of an inter-agency service centre, may have been lost. The Inspectors believe that the HLCM initiative provides a way forward, with the system of CEB networks offering a forum for the development of inter-agency shared service centres, the systematic sharing of offshoring experiences, and a common means by which to address many of the obstacles which may emerge.

136. The Inspectors suggest that based on this report, and also the results of the planned feasibility study of HLCM, CEB through HLCM should discuss and initiate the development of an offshoring policy framework for review and approval by those organizations considering offshoring. A strategic action plan should be developed by CEB to include the offshoring intentions of all United Nations system organizations. The policy and strategy development should take into account the recommendations in this report, and aim to achieve greater efficiency through the joint action of all organizations that are considering offshoring.

137. If a joint action is agreed, the recommendations of this report should be considered from the United Nations system perspective, not from the perspective of individual organizations. To facilitate the process, Member States and donors should be more open to funding inter-agency activities and should encourage management to do joint undertakings with other agencies for the achievement of greater efficiency.

138. Irrespective of a decision on whether there should be a common offshoring policy framework and project, it must be the norm that, before making a final decision, each offshoring initiative considered by any organization should be presented to the relevant HLCM working group to benefit from the collective wisdom, lessons learned and experience of other organizations. It would provide an opportunity to explore inter-agency options. In addition, in the designing of the project plan, the inter-agency discussion platform would provide tremendous insight, including early warning of potential issues, risks and possible mitigation factors, and better pricing. CEB should invite organizations to bring all offshoring ideas and plans into HLCM working group discussions before making their final decision. The implementation of the following recommendations is expected to enhance efficiency.

Recommendation 16

The executive heads of United Nations system organizations should coordinate their offshoring initiatives with a view to achieving greater efficiencies in cooperation with other organizations. Before offshoring, they should explore all possibilities, including insourcing to existing offshore service centres and establishing joint service centres. To this effect they should present their offshoring plans and ideas in the relevant HLCM working group meetings for discussion and brainstorming.

Recommendation 17

CEB through HLCM should facilitate the systematic sharing of offshoring experiences, lessons learned and possible offshoring plans, and expedite the consideration of the establishment of inter-agency shared service centres.

Recommendation 18

CEB through HLCM should discuss and initiate the development of a common/joint offshoring policy framework with a view to seeking greater efficiency through joint decision-making and project development processes.

Annex I

Inventory of offshoring in United Nations system organizations

Org.	Business process	Location	Date of relocation
	A. Offshore insourcing		
United Nations	Department of Safety and Security Logistics Office	U.A.E.	May 2005
United Nations funds and programmes			
UNDP	Staff Administrative Services —global payroll —staff benefit and entitlement —Junior Professional Officer centre Procurement Support Office	Denmark Denmark	 2004 2003 2001 2004, 2007
UNFPA	Procurement Services Branch	Denmark	Jan. 2005
UNICEF	Set packing and warehousing	China	Mar. 2008
WFP	IT Help Desk Vendor management and travel Non-food procurement	India India U.A.E.	Jan. 2007 June. 2007 Apl. 2007
UNHCR	Global Service Centre (Offshore Service Centre): —Human Resources, finance, payroll and supply management —Global learning centre —IT infrastructure support Global Service Desk Field Office Support Field Telecoms Unit Refugee systems (registration) regional support	Hungary Malaysia Malaysia Hungary Panama U.A.E. Malaysia South Africa	 2008 2009 2007/08 2007/08 2007/08 2007/08 2007/08
United Nations specialized agencies and IAEA			
FAO	Offshore Systems Development and Support Centre: —information systems development and support —user account management Shared (Offshore) Service Centre: division of worldwide operations support into three time zones, each serviced by one dedicated processing hub: Zone 1: covering North, Central and South Americas Zone 2: covering Europe, Africa and the Near East Zone 3: covering Asia and the Far East	Thailand Chile Hungary Thailand	Sep. 2005 Nov. 2007 Jan. 2008 Nov. 2007

Org.	Business process	Location	Date of relocation
	Business processes covered by each processing hub: —Human Resources, travel and other support operations —Accounts payable and some procurement operations		Nov. 2007 to mid-2008 Late 2008 and early 2009
WHO	Global (offshore) Service Centre: administrative functions, including: —Human Resources, payroll, finance, accounts payable, expense accounts, procurement, certain IT functions	Malaysia	2008
IAEA	Disaster recovery infrastructure hosting	Switzerland	Dec. 2007
B. Offshore outsourcing			
United Nations	Software development: —conversion of IMIS finance and related functions to a web platform —customer relations management	India Thailand	2003–2005 Jul. 2007
United Nations funds and programmes			
UNDP	Web development support services	India	2007
UNFPA	Atlas Tier 2 Help Desk Vendor management	India India	Jan. 2004 2008/09
UNICEF	Freight forwarding Pre-delivery inspection	Denmark U.K.	2006 Nov. 2007
WFP	Applications support for WINGS	*na*	*na*
UNHCR	Applications development IT and telecoms supply chain Satellite services	India Denmark U.S.A.	2007 2006, 2007 2007
United Nations specialized agencies and IAEA			
ILO	Infrastructure hosting, administration and support for ERP applications Processing of income tax reimbursements for US taxpayers	Netherlands Austria	Dec. 2004 Jan. 2007
UPU	Renting of a platform for the broadcasting of on-line training for the Tunisian Post Office Typing, printing and mailing of the Spanish version of documents	Tunisia Uruguay	Apl. 2004 1970s/1980s
WHO	Investment management and related accounting. Photocopying Some IT	U.K. Ireland *na*	*na* *na* *na*
IAEA	Application development and support Maintenance of a database, and publication and dissemination of a journal	India U.K.	2005 2003

Source: JIU questionnaire and interviews. na: not available